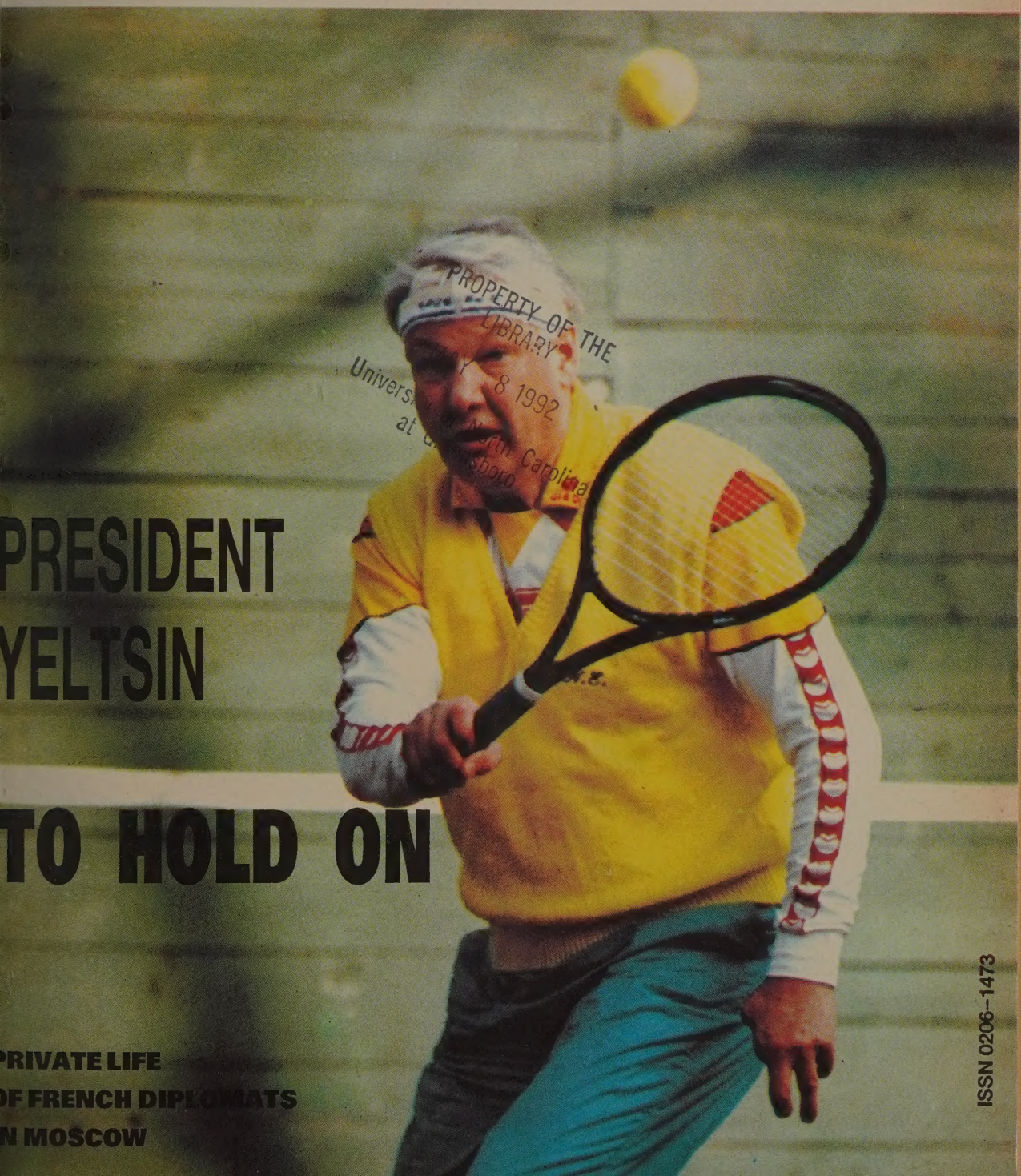
April 1992 № 17 UK : £0.85 US : $1.40

NEW TIMES

INTERNATIONAL



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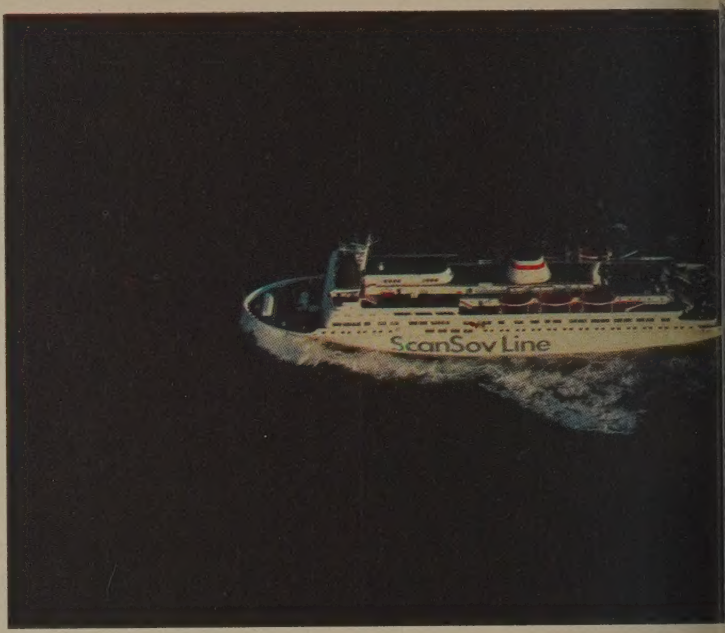

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17/92 **NEW TIMES** INTERNATIONAL **APRIL**

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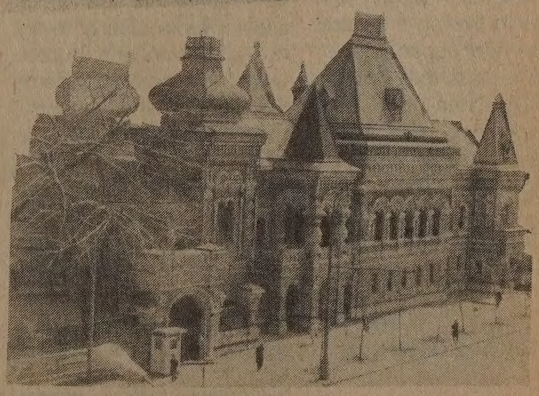


Sad reflections on "The feast of victors"

Larisa Lisyutkina's article "The feast of victors" (No. 4/92) mirrored my own sad reflections on power and the "people."

The fate of Mikhail Gorbachev proved tragic indeed. All his good efforts boomeranged. The "people" whom he wished good damned and continue to damn him every day. Western newspapers note today that precisely the "people" may hinder the reforms of the "victorious" politicians. Yeltsin is already defamed vehemently. Indeed, a prophet is without honour in his own country. This proverb is again born out by this country's tragic history.

L.Ivanova
Voronezh

The "blessings" of the system

Like a shy horse with blinkers on its eyes, we pulled our cart for many years without kicking, and only now we began to think. Incidentally, Russians also live in France, Canada and the United States. And they will be able to live on the Kuril Islands under Japanese authority. At least, they will live decently. During the 40-odd years we have been unable to use the fabulous resources of these islands... An empire is always "a land of slaves and masters."

F.Kirilovich
Donetsk Region

It's been tried before

It surprises me how easily some democratic politicians have taken up the Bolshevist slogan "mills and factories to the workers." In spite of the failure of the Yugoslav "economic miracle" we are again offered a special road of development as if world experience does not teach us that in most cases putting control in the hands of a collective hinders the growth of production and lowers the competitive power of goods.

The best way of reviving our economy is a large-scale sale of state property and securities at market prices... The people will then have an opportunity to conduct honest business, and the state will have more funds to combat organized crime.

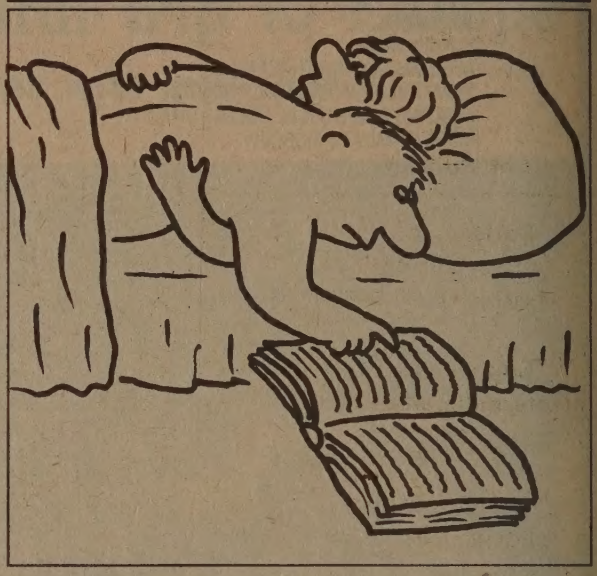
K.Sheiko,
worker, member of the Democratic Russia movement
Kaluga

A well of ideas

Yeltsin's decrees do not surprise me any longer. I read with tears in my eyes his Decree No. 93 which allows Radio Liberty to set up a permanent bureau with correspondents throughout the country. Even its director was invited to Moscow with a journalist who gave an unbiassed coverage of the August coup attempt last year. Not every president would come up with such an idea. Boris Yeltsin is apparently a well of ideas that will never cease to amaze us. He persistently follows the old wise saying, "Don't buy the house, buy the neighbour." He can be compared to a great ship which requires deep waters.

D.Krel
Australia

THE WAY I SEE IT



Drawing by Marat Tairov

Don't throw out the baby

It seems so interesting that *New Times* advocates Market Forces and your wonderful lady journalist Tatiana Ivanova seems also to follow the theory that to get rid of socialism and to adopt the force of the market and Western ideas will be the answer to your economic problems.

I have often visited the USSR, and been impressed with many things, in addition to your kind, generous and friendly peoples. I recall a conversation with a well-educated young lady, who was convinced that were she to live in England, then she would have a well-paid job, lovely clothes and perhaps a new Rolls Royce. In reply I smiled and to myself thought "More than likely you would be out of a job."

Today in Britain many are having difficult times – oh yes, the shops are full to overflowing, and going out of business because no one can afford to buy. We have the highest re-recorrected figures on the number of unemployed and many are losing their homes which they struggled to buy.

So my gifted lady journalist Tatiana Ivanova, please, be careful – don't throw out the baby with the dirty bathwater.

John E.Mabbs
Colwyn Bay,
United Kingdom

NEW TIMES
INTERNATIONAL

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The New Times Publishing House
Joint-Stock Company

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209-07-67
Telex: 411164a newt SU,
411164b newt SU
Telefax: 200-42-23, 200-41-92

Printed by
Moskovskaya Pravda Press
7, Ulitsa 1905 Goda, Moscow

order No.1882

© New Times
Publishing House

Afghan volcano threatens tranquility in ex-Soviet Central Asia and binds local rulers still more firmly to Moscow

The fall of Najibullah, the last soldier of the great Soviet empire, was enthusiastically acclaimed by the opposition in neighbouring Tajikistan. Indeed, as of last September in Dushanbe, capital of this most backward of the former Soviet republics, the opposition has been endlessly demonstrating against the local "Najibullah," to wit President Rahman Nabiev, the erstwhile First Secretary of the Central Committee of Tajikistan's Communist Party, who has currently donned national religious colours. Meanwhile the "Najibullahs" in the other Central Asian capitals, where in the saddle are likewise neo-communists, will also feel the fires of the Afghan volcano. Truth to tell, whatever the outcome of the power struggle in Kabul, peace and quiet for the Central Asian regimes are no more.

Let us imagine for a moment that the heterogeneous mujahedin forces will consolidate. Now, that can take place only on a religious basis, in which case the fundamentalists will take over in Kabul, insofar as Islamic radicals are in the lead amongst the victorious rebels. A successful Islamic revolution will lend encouragement to kindred movements in Central Asia that the neo-communists have thus far managed to stave off. One cannot rule out direct assistance, even direct interference, by Kabul. Aggression will revert to within the country that initiated it in the 1970s, moreover, in the shape of furious runaway fanaticism.

True, what is more dangerous in the view of observers is another uncontrollable factor that may break out into Central Asia's expanses from within Afghanistan's cramped mountain gorges. Indeed, after the mujahedin victory, Afghanistan may disintegrate under the old tribal animosity already to be observed between the primarily Tajik and Uzbek forces of Ahmad Shah Massud and the Pushtun tribesmen of Gulbuddin Hekmatyar, the two basic claimants to power. Many think the region stands imperilled by a grand war between Tajiks and Pushtuns, that will tend to overrun Afghanistan's border into Pakistan, Iran and the territories of the erstwhile USSR. Incidentally, in erstwhile Soviet Central Asia, where after many decades of Communist atheist propaganda would-be Moslems have but a very hazy notion of the difference even between Sunites and Shi'ites, blood may prove far thicker than spiritual affinity,

which will have repercussions not only in the urban areas, where Islamism is well backed by intellectuals, but even in the poverty-stricken countryside. In short, urban intellectuals will provide the leaders, while the peasantry will provide the fighting men, with whom the neo-communist government will find it hard to cope.

For Russia though, any likely eruption of the Afghan volcano offers a great, truly historic chance. The menace from the south will impel local rulers to preserve the alliance with Moscow, whose stabilizing role in the region is of great interest not only to the West, but also to Israel and the wealthy Arab countries, especially Saudi Arabia. The consensus is that today only the neo-communist regimes can check Central Asia's slithering into the embrace of the runaway forces of Islamic radicalism opposed to civilization. Experts believe most appropriate in this connection a double standard of values, which means shutting eyes to the many faults of neo-communism, inclusive of the violation of human rights and the restriction of democratic liberties. The local "Najibullahs," especially Kazakhstan President Nursultan Nazarbayev, have already won the reputation of being able to restrain dangerous tendencies and evolve a manner which the "club of the rich" find desirable.

Whether or not that club will serve to reinforce the Kremlin's stance in a region of strategic importance for Russia will depend on the extent to which Moscow will be able to back the local Central Asian "Najibullahs" as the Afghan volcano erupts.

Vladimir Kulistikov

Loss for democrats?

The name of Democratic Russia emerged during the formation of the Russian Parliament as that of an election ticket opposed to the Communists. It was invented by Mikhail Astafiev (who at the Sixth Congress stood forth as a leader of the Russian Unity opposition block uniting the Communists of Russia, Tuleev's Fatherland, Baburin's Russia, and the Agrarian Alliance.) Ever since the name has been part and parcel of public and parliamentary vocabularies although at the Sixth Congress it was heard but faintly.

For Gaidar? Or for Yeltsin?

The basis for unity has evaporated. Whereas before, this political bloc was united on the basis of opposition to the Communists and the Union Centre, with which they were identified, now it possesses not so much a political as an economic stance.

Before it was united on the reform motto. However, now it was time to accept or not the specific reform policies of a specific government. Such purely specific economic issues as budget, investment, privatization and financial stabilization, evoked political wrangles and speculation. Democratic Russia, like the public generally, does not comprehend specific economic matters. However, at the Congress the issue of support for the government was at the pivot.

Not at all. They were not there. Rather were they confused, not knowing who they are, with whom they were and for what purpose

Now Democratic Russia following are divided into advocates and die-hard opponents of the government. Thus, Mikhail Chelnokov, hitherto a drastic uncompromising advocate of reform, has inveighed in his habitually furiously intolerant style: "I will not count myself deserving of the title of a Russian People's Deputy unless I prevent our government from humiliating people and demolishing Russia's economy."

However, it transpires that acclaim for reform still does not imply an understanding of the bill society will have to foot. Evidently Chelnokov and his supporters lack the courage to accept the price. Yet the sincerity he demonstrated along with Yuri Sidorenko and others, seems beyond doubt. Totally different are Sergei Filatov and Nikolai Ryabov, now integrated with the Parliamentary administration who to all practical intents lobby for the Speaker.

So who supports the government? Paradoxically enough above all those who at the previous, Fifth Congress had voted against investing the President with emergency powers. At the Sixth Congress they resisted most attempts to strip the President of these powers. Whereas at the Fifth Congress Sergei Yushenkov, Georgi Zadonsky, Bella Denisenko and Anatoly Shabad of the Radical Democrats faction had opposed emergency powers, championing the division of authority in the effort to prevent a slipping towards authoritarian

The editorial commission adopted almost unanimously a resolution that brought the government to its knees

Photo by Georgi Pinhasov

rule, now they had to note that division of authority was non-existent.

Instead of serving as a Parliament capable of formulating a consistent integral legislative foundation for reform, the Congress, and along with it, to a considerable extent, the Supreme Soviet, have degenerated into an amorphous, manipulated assembly providing a fine excuse for authoritarian rule. No wonder the more consistent liberal MPs chose to support the present government as the sole guarantee of an irreversible liberal policy.

Other government supporters in parliament are associated with the non-parliamentary Democratic Russia movement. After several divisions, this movement is now headed by men wholly devoted to President Yeltsin. The Gaidar government suits such deputies as Gleb Yakunin and Lev Ponomaryov, only because Yeltsin formed it. Were Yeltsin to abandon Gaidar and his team, they would coolly abandon this government. Along with the afore-mentioned liberals, they back Yeltsin primarily as advocate of the present government's policies.

A Mind of their own

Very few democrats supported the government. Even among the fifteen or so attending a Coalition for Reform gathering, one or another would necessarily suggest either "considering the simultaneous resignation of government and Speaker" or "giving thought to the appointment of a Prime Minister who would rejuvenate the government." May the outcome of the vote taken on the confidence issue deceive no one. The majority blocking its discussion was composed of pragmatic industrialists from the Industrial Alliance and other factions. No wonder, as they have their own axe to grind. Though mightily displeased with the way reform is going, they fear still more the chaos that would inevitably erupt were this government to resign and its economic policy be overhauled. They also hope that by placing their "own" men in the government, they will be able to pressure it into granting investments desired. Thus this did not at all spell a win for the democrats.

Meanwhile, such a well-known advocate of Russian democracy as Yuri Afanasiev apparently believed the issues on the Congress agenda not deserving of note. Preoccupied with preparations for the coming power struggle in the Democratic Russia movement, he did not put in an appearance even on the day the vote was taken on the sadly notorious Resolution on the process of economic reform. With Telman Gdlyan, Oleg Kalugin and Marina Salie he conducted a regional Democratic Russia Conference, whose sole purpose, one thinks, is to convene an alternative congress in opposition to the organization that his apponents now head.

What the heart thinks...

Democrats are more and more distinctly shifting towards national patriotic values. After the Democratic Russia movement's first split, when Astafiev's Constitutional Democrats, Aksyutich's Christian Democrats and Travkin's Party quit, one would have thought the patriot-democrat division had already taken shape. However, subsequent developments have shown that the patriotic concept is drawing increasing support from among the Democrats.

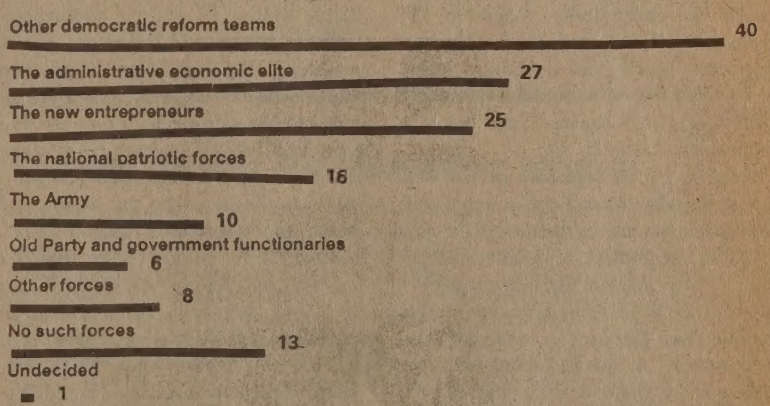
When such notions are mentioned as "united and indivisible Russia" in respect, for instance, of the Tatarstan referendum, no liberal or democratic ideals will provoke a "democrat-patriot" division. In such cases the stand taken by Victor Sheinis, who shares an affinity with the Social Democrats, is identical, to all practical intents, with that of Christian Democrat Ilya Konstantinov. A characteristic illustration: mounted in the Congress lobby was a display of photographs of victims of Moldavan terrorists in the Dniester area. Yet, it did not cross anyone's mind to wonder what the bodies of people killed by the Cossacks or Dniester guardsmen looked like. Are really only "our" victims deserving of compassion?

SOCIOLOGICAL SURVEY

Prof. Boris Grushin's Vox Populi

Who, if not Gaidar and his team?

The question put was:
If the present government resigns, which forces could afford effective authority and administration?



This late March telephone poll of 626 public opinion leaders, who incidentally may have furnished several answers, demonstrates overall disillusionment with the current reformers and sharply diverging views as to which forces could take over from the present government.

Russian MPs (60 percent of the total interviewed) propose a different democratic government which is also suggested by 43 percent of polled representatives of the Interior and Security Ministries; yet of these representatives 43 percent also backed the administrative economic elite. The entrepreneurs interviewed put most faith in themselves (49 percent). As for support of the Army officers of the Interior and Security Ministries took precedence with 21 percent as compared to but 4 percent from among representatives of the Army itself. Leaders of Communist-oriented parties staked 43 percent on the administrative economic elite and 43 percent on national patriotic forces, while 24 percent preferred reintroduction of the old apparat.

ECONOMICS

No alternative to free oil prices

Russia's second slated price hike has been put off until summer. Is the government undecided? Below **Yevgeni Yasin,** a leading economist who is Director of the Institute of Economics of the Russian Alliance of Industrialists and Entrepreneurs discloses his views in a *New Times* interview

Q. Why has the government put off until May the freeing of prices on fuels?

A. Because of politics. The government was averse to inflaming tensions on the eve of the Congress of Russian People's Deputies. Another factor is the unrest over price liberalization. Also note the charges laid against the government of yielding to IMF pressure. All want breathing space. Initial respite has been granted and I think another one is coming up. The republics demand that.

Q. How do you think free fuel prices will affect Russia's economy?

A. Let me note that if prices are pegged the oil industry will collapse. Fuels should comprise between 20 and 30 percent of cost prices, but with us thus far this is but 2-3 percent.

There is no alternative to free oil prices, but the question is how to do it and when.

I think the consequences of a wholesale price hike unpredictable. Note the headaches resulting from the price hikes and shortage of cash in January and February. Producers jacked up prices so much so that customers couldn't buy, which resulted in the economy nose-diving.

Price liberalization should be phased at three-month intervals with price ceilings and hikes of no more than 2-2.5 times. Incidentally, estimates reveal that because of the cash shortage prices may stabilize at that level. But should this ceiling be too low, it will have to be raised again, while simultaneously subsidizing the oil industry, despite the budgetary deficit.

Q. Will CIS countries buy Russian oil after the price is freed or prefer Middle East oil?

A. Even after oil prices are freed at home, they will amount to but a third or half of world prices. Currently home prices account for but 10 percent of world prices.

Interview by
Natalia Shchelkova

Anatoly Medvedev, who only quite recently so energetically supported the Democratic Russia movement but is now frantically hunting for a political niche, has declared: "As a true blue Russian I believe a united Russia comes before a democratic Russia."

Judging by the outcome of the vote taken on what to call the country, this attitude is shared by the overwhelming majority, regardless of political affiliation. Which incidentally also revealed a chary outlook in respect of the government. Thus Kozyrev's consistently liberal policy, as not permiting of either nationalistic rhetoric or empire-builder relapses like Rutskoi's Tiraspol visit, is hence also suspected of "Westernism." Or take Gaidar's frank call for foreign investment. No wonder that self-same Medvedev, at the get-together with the reform coalition, demanded of Gaidar that he say whether he was prepared "to assume responsibility for Russia's unity." Gaidar, though willing to understand, was bewildered, unable to catch the drift.

There is yet one more factor responsible for the weakness and uncertainty in the once more or less well-united democratic camp. Democratic procedures, which, as will be remembered, comprise the gist of democracy, are not working at any level. Thus, in the newly constituted political parties, or the Democratic Russia movement, or at the Congress itself, all decisions are prepared and taken in an apparat fashion which was so strikingly illustrated by the finale of the Parliament-Government drama.

After the Resolution on the process of the economic reform was adopted many MPs and definitely the Parliamentary leadership regarded the government's resignation as a mulish whim. Thus, Khasbulatov observed again and again that the said document should be seen solely as "criticism," as further developments had yet to be agreed. It is quite possible that President Yeltsin's eloquent silence paved the way for this response, that is, not to take the document literally, but only as a symbolical move.

Gaidar and his team frantically attempted to abide by democratic procedure. As it was impossible to implement Parliament's decision, the government, they believed, had to resign, which in turn could compel Parliament to revise its decision. As a result, four whole days the government's more efficient ministers had to concert with the Parliamentary leadership a document that was to make the earlier resolution "seemingly not mandatory," so as to thereby be in a position of invoking either of the two documents, depending on the concrete alignment of forces. In the concluding stage, the Speaker modified the already concerted and signed text of this incoherent Declaration and microphones were switched off.

Hence confirmed to all practical intents is the deadline the Declaration specified for the government, that is the three-months term. So, is not Gaidar's historic "walk-out," when he averred that the uncoordinated modification of the text was no reason for a conflict to erupt between the legislative and the executive, acknowledgement of the circumstance that one, as the saying goes, cannot chop wood with a penknife and that in this country decisions are taken not at legitimate forums but via apparat games and intrigues?

The government's attempt to uphold Parliamentary democracy has fallen through.

Arkady Dubnov,
Galina Kovalskaya

"It's bad when a country has three or four foreign policies"

People's Deputy, **Vladimir Lukin,** Russian Ambassador to the United States, interviewed by *New Times*

How do you regard your appointment as an ambassador – as a disgrace, an honourable exile or a step towards a higher post?

If I had certain political ambitions perhaps I would not go to the United States. However, I thought it was my duty to comply with the President's decree.

Will the continuity in the parliament's committee for international affairs be preserved after you leave the post of its chairman?

We do not have many people versed in international affairs. Yevgeny Ambartsumov, who succeeded me in the post of chairman, is a learned man and a noted sociologist. I hope therefore that the parliament and its committee for international affairs will suffer in the most minimal degree.

How do you see the political situation in Russia from Washington?

I have the feeling that I have only changed my office but continue to deal with the same problems. I begin my working day with telephone calls and dispatches to and from Moscow. From nine o'clock in the morning till 11 o'clock in the evening I am concerned with Russian affairs. If I had a window in my office I would be surprised by not seeing, as usual, the Trekhgornaya Manufaktura textile mill, but seeing only the White House, not the Russian one, of course. But I do not have a window. It was completely sealed during the cold war.

You remain a people's deputy of Russia. Do you have the feeling that, as before, you can influence the policy of the parliament and the congress?

I think I have such a feeling. My position at the center of relations with the leading economic and democratic power of the world enables me to give advice both to the President and the parliament. Before my departure the President assured me that, if necessary, I can enter into direct contact with him, as it was in the past.

There was a stereotype: the West likes Gorbachev very much and does not trust Yeltsin. Has the situation changed in this respect?

It has certainly changed, though nostalgia for Gorbachev remains. At the same time, Yeltsin's rating has greatly increased. Gorbachev has done very much for the democratization of the country. However, courage for a decisive break with totalitarianism and the implementation of reforms which make this rupture irreversible are associated with the name of Yeltsin and his associates. Especially noticeable among them is Gaidar, who enjoys great respect in the West thanks to his high professionalism.

What do you think about Marshal Shaposhnikov's reproaches that the Russian foreign ministry too often says "yes" to its partners at negotiations?

The Union has crumbled away while departments have remained, and every large department sees its group interests as being national ones. This concerns not only the defence ministry, though it has always been inherent in it. The desire of the foreign ministry for a large number of "successes" (that is, the conclusion of many various agreements and treaties, irrespective of what is contained in them) cannot but arouse conflicts, of course. It is bad that the work of departments is not coordinated in this country. This must be done in order to devise foreign policy concepts independent of departmental interests.

How would you assess the situation which arose after the visits of Vice-President Rutskoi to the Crimea and the Dniester Republic in Moldova?

I am very disturbed by the lack of coordination of our foreign policy with regard to the Commonwealth of Independent States. It is bad when a country has three or four foreign policies. The mechanism of coordination should be concentrated on the President, and the Vice-President should play an active part in it. This is what takes place in America. The realization of this policy must exactly correspond with the agreements reached in the course of its elaboration.

***Interview by* Arkady Dubnov**

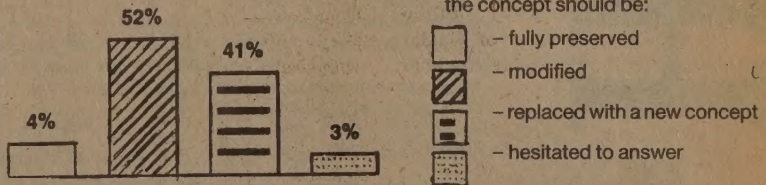
SOCIOLOGICAL SURVEY

Prof. Boris Grushin's Vox Populi poll

Foreign policy for domestic affairs

In defining the general aims of Russian diplomacy and the concrete priorities in the activity of the Russian foreign ministry, respondents invariably named as primary problems connected with foreign policy in the present, *new* sense of the word. However, most often they spoke not about *new principles* of the state which has renounced totalitarianism, but merely about the *shifting of attention* to tasks which were purely internal only yesterday: the overcoming of the country's crisis by foreign policy means (23 percent) and the normalization of relations between the former Union republics which now constitute the Commonwealth of Independent States (13 percent). At the same time, 19 percent think that the main aim of Russian diplomacy is the protection of the country's national interests, its territorial integrity and independence. The strengthening of Russia's role in the world as a great power was regarded as the main aim of Russian diplomacy by 9 percent of respondents and the integration of Russia into the Western system as a new democratic state only by 4 percent.

What should be the general position of the Russian government on the concept of new thinking put forward by Mikhail Gorbachev at the initial stage of *perestroika*?



A poll was held among experts (187) who took part in the scientific-practical conference organized by the Russian foreign ministry on February 26 of this year.

THIS WEEK

The crisis provoked in Moscow-Kiev relations by President Kravchuk's decision to suspend the transfer of tactical nuclear weapons to Russia has been overcome. In accord with a decision signed by the presidents of the two republics the removal of missiles from Ukraine has been resumed.

Nearly 450,000 signatures, instead of 350,000 required by the law, have been collected in Belarus (former Byelorussia) in favour of a referendum. Neither the opponents nor the advocates of a referendum expected such a quick and substantial success.

"A referendum is the only lawful way of dissolving the conservative party – dominated parliament, which has become the main hindrance to economic reforms. The present parliament is against adopting the main, land reform," said Zenon Poznyak, leader of the republic's Popular Front.

In accordance with the Kazakh President's decree, the Semipalatinsk nuclear testing site shall be transformed into a research centre.

"Today we have a clearly defined group of states whose leaders uphold a coordinated economic policy and close integration," said Vladimir Mashits, Chairman of the State Committee for Economic Cooperation with member states of the Commonwealth. "They are Russia, Kazakhstan, Kyrgyzstan and Belarus. Agreements on practically all fundamental questions have been signed by these republics. We shall continue to do everything to restore the severed economic ties with all countries, including Georgia and the Baltic republics. The stand adopted by the Ukrainian leaders arouses certain surprise. They argue in the following way: 'naughty Russia is implementing its own programme and we are left to drag behind it. This does not suit us, and we shall go our own way.'"

A customs agreement on transit goods, signed in Alma Ata recently by customs officials of nine republics, has become effective in the territory of the Commonwealth of Independent States. The Baltic states do not take part in the agreement and the representatives of Ukraine and Moldova did not put their signatures on it.

The agreement introduces a common customs procedure for transit goods, a common rate of customs duties, and a common form of customs declarations.

As distinct from the Black Sea Fleet, the Caspian Flotila has been divided peacefully between the republics concerned. Under a protocol signed in Baku, Russia and Azerbaijan will receive 25 percent each of the Flotila's ships and other property. The future of the other half of the Flotila is to be decided in the course of talks between the littoral republics – Azerbaijan, Kazakhstan, Russia and Turkmenistan.

The collection of money in support of the rally is going on. About a million rubles has been raised during the past three weeks. An agreement has been reached that the participants in the rally will not be persecuted.

Rumours about an influx of Chechens to the Kuril islands are not entirely unfounded. People from the Caucasus are impelled to migrate by the alluring prospect of becoming Japanese citizens or, if they do not become citizens, of receiving at least a compensation of one million yen.

Supporters of the political opposition in Tajikistan have been continuously rallying for almost a month in front of the house of government in the republic's capital Dushanbe. The parliament which was convened to consider the crisis situation failed to reach compromise.

Latvia has set about raising its own naval forces. It is expected they will consist of 11 vessels and a 1,000-strong personnel. For this purpose Riga has decided to use vessels which supervised fishing in the Batlic Sea and carried out rescue operations. The Fleet will also fight smuggling and protect Latvia's economic zone.

Ukraine expects that a second price liberalization in Russia will trigger yet another spiral of inflation there, said A.Yemelyanov, Chairman of Ukraine's State Duma (Council) for Economic Policy. The republic has withstood the first price liberalization and the ensuing inflation, he added, but a recurrence of it will lead to an economic collapse. Therefore, when a second wave of hyperinflation hits Russia, Ukraine will have to leave the ruble zone and switch to its own makeshift currency – the coupon. Yemelyanov said that all of Ukraine's rubles would be collected and sold to Russia.

Sources in the Parliament of the Chechen republic refuted the news that the TV centre had been mined and would be blown up if the opposition again tries to capture it, but confirmed that approaches to the television studios had been mined. A curfew is still effective in Grozny and there is a state of emergency in effect in the republic. The prosecutor has issued orders for the arrest of people charged with an attempt to stage a coup.

The Moscow Soviet's Commission for legality, law and order is going to call on the medical authorities to conduct a psychiatric examination of Mayor Gavriil Popov. Such a call is explained by the mayor's statement in the newspaper *Argumenty i Fakty* (Arguments and Facts) that the present system cannot exist without bribes and his proposal for introducing an appropriate tariff for the services rendered by officials.

Alexander Solzhenitsyn, who was expelled from the USSR in 1974, intends to return to his homeland during this year, said Vladimir Lukin, the Russian Ambassador to the United States. According to Lukin, the writer has recently applied to the embassy with written statements, expressing the desire to return to Russia for good.

A new collection has been handed over to the library of the Russian Academy of Sciences. The Petersburg Department of the Security Ministry has transferred to it over 1,000 volumes from the library of the local KGB detention centre. The collection includes unique books in English, German, French, Swedish and other languages confiscated by the tsarist police. In the years of Soviet government the detention centre's library was supplemented with many books confiscated from the private libraries of nobles, intellectuals and clergymen.

The sexology association Culture and Health has prepared for signing 80 agreements under which salon-shops like the Moscow sex-shop are to be opened in different cities of Russia and the Commonwealth of Independent States.

The arrival of Eduard Shevardnadze in Tbilisi was met with ovation. Today the number of his admirers decreases, while the ranks of his supporters augment

In Tbilisi, Shevardnadze speaks louder

During his first days in Tbilisi, Shevardnadze's rating was so high that one had all reasons to be afraid for Georgia's future – a year and a half ago they glorified Zviad Gamsakhurdia just like they do the new leader now, believing that his coming would miraculously and in no time make life better.

Some see in Shevardnadze a symbol of liberation from obscurantism (a very popular word in Georgia), while for others, he is an embodiment of the triumph of common sense, intellect and of the end of all fears of repression. Still others have a more prosaic approach. Nearly immediately on my arrival in Tbilisi I heard people say that as soon as Shevardnadze had come, the supplies of electricity, gas and hot water were renewed. The Georgians spent the winter without all that, using candles and wearing dozen layers of clothes at a time to warm themselves while waiting for someone to come and dethrone the legally elected president.

He has ensured international recognition for his republic. People are expecting miracles from him

Now the people have calmed down and started to get back to business. Shevardnadze does much to help them. The utterance most often heard from him is "I try to help my people." He is ready to use his international authority in order to obtain recognition for an independent and free Georgia and credits so badly needed there. The State Council makes political decisions collectively, the rest is to be done by people themselves.

Shevardnadze has changed a lot, he is no longer the person who talked to journalists and political leaders in Moscow in a low, smooth and confidential tone. His speeches in Georgia are made by a tribune, a public speaker who is able to hold the audience's attention for several hours. Making a speech, he, as before, substantiates his words with gestures – part of Georgian national temperament. It has always been believed that Shevardnadze speaks in a low voice and gesticulates much because he spoke Russian and this helped him conceal that the language was not his mother ton-

gue. In Tbilisi, Eduard Shevardnadze speaks much louder even in Russian, possibly because, being at home, he feels more confident of himself, because for the first time he conducts his independent policy – as the independent state's first personage.

At a villa in the mountains

Can Shevardnadze remain as democratic in the present situation in Georgia as he used to be in Moscow? Will the people accept this style of power or is the idea of a "strong hand" still too attractive to them – after all, the Georgians did not prevent the coming of Zviad Gamsakhurdia's dictatorship? More than that, there has been no mention of democracy, law and order and human rights in Georgia for a year and a half... The aspirations for national independence and the breakaway from the USSR came to the fore.

Eduard Shevardnadze believes: when mothers have nothing to feed their children on, when transport doesn't work and the spring agricultural work is disrupted for the lack of fuel and machinery, when the citizens are unprotected in the face of raging crimes – all talk about the love of a "strong hand" is an abstract theorizing. It's more appropriate to talk about the thirst for an order which is best capable of protecting personal rights and the people and of providing conditions for a normal life free from outrages.

Normal life is still a way off in Georgia. In the night time submachine gunfire is heard. Shooting are not the National Guardsmen, Mhedrioni fighters and the dethroned president's followers, it's the night patrols shooting in the air or at cars which violate the curfew and don't stop on the demand of traffic police and the patrols. Now it's better to stop. Documents are checked by police or the National Guard. Formerly a car could be stopped by any armed man who would confiscate it ostensibly on the pretext of checking. The plundered person could only guess whether it was a Zviadist or an adherent of the Military Council.

Evening strolls about the city, previously a pleasurable undertaking, is now hazardous due to many armed people around.

For security reasons Shevardnadze prefers to stay at a government villa in Krtsanisi, a 20 minutes' ride from the Rustaveli Prospect. To be more exact, this is insisted on by his bodyguards, because they can't guarantee his security in the Tbilisi apartment. If not for the para-military situation and some problems in supplies – for instance, it's not easy to supply water there – Krtsanisi could be called a paradise. It is located on a mountain overlooking the city, with a wonderfull panoramic view. Early in April the mountains are not yet green. I was surprised not to find trees there, they must be able to grow at that height. I was told later that Russian soldiers cut them off in the last century to prevent the mountaineers from raiding the city from the nearby heights. It's not the best page in Russian-Georgian relations that opens to the eyes of the State Council Chairman and his team...

His team remained the same, by the way. His assistants in the Ministry of Foreign Affairs Teimuraz Stepanov and Sergei Tarasenko who, like himself, came to Tbilisi in February "to spend a week there" stay at the same villa.

They are said to have had a rather vague idea of the situation in Georgia at the time. Local journalists say that Eduard Shevardnadze was even surprised at first at seeing so many people in the streets – it resembled a festive event without a festive mood; they explained to him that transport was not working.

"Not to create problems for others"

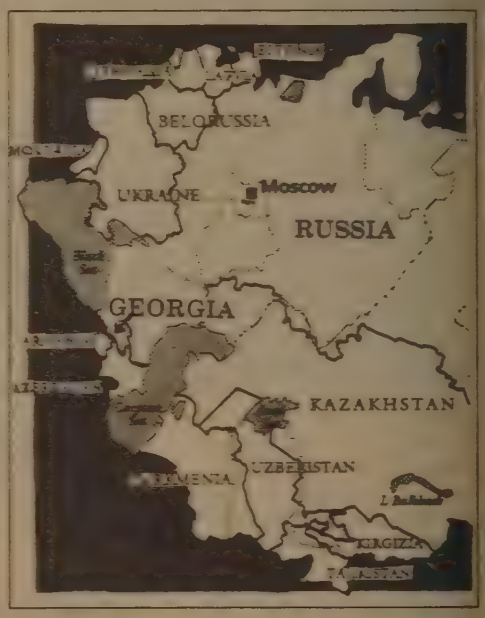
Yet the people are grateful to Shevardnadze not so much for freedom of the press or the political stability which has just begun, not even for the replacement of the totalitarian regime with a democratic one, but for international recognition of the republic.

The Georgians thirst for recognition, and the new leader can guarantee it. That is probably the only thing Shevardnadze can guarantee at this stage.

Georgia has been recognized by almost all states already. In addition, most of them are willing to establish diplomatic relations with it, and those with stable economies are ready to render it economic aid. German Foreign Minister Genscher arrived in Tbilisi with the warmest feelings, a lot of deutschmarks and the German Ambassador to Georgia. Genscher's visit to Tbilisi was considered as the third event worthy of joy, the former two being the overthrow of the Zviadist dictatorship and the return of Eduard Shevardnadze.

The Russian Foreign Minister's visit didn't create much joy.

Many political parties, especially radicals, are afraid that an isolationist has been succeeded by a person who will follow a pro-Moscow line. Neither Eduard Shevardnadze's political behaviour nor his personal relations with the President of the



Russian Federation are taken into account. Andrei Kozyrev's visit which pursued familiarizing rather than business purposes considerably eased the problem for Shevardnadze.

The Moscow Minister's visit still surprises the Georgians – he brought no documents, didn't establish diplomatic relations, made no statement concerning Abkhazia and avoided answering the question about the legal grounds for the overthrown president Gamsakhurdia's staying on the territory of the Russian Federation (since the Russian leadership considers the Chechen republic part of the Russian Federation) from where he makes appeals to the Georgian people to start a campaign of civil disobedience and even to begin a war. Did he really come only to reach an agreement about preparation of an all-embracing pact between Georgia and

Russia the outlines of which are still rather vague"?

Either in order to support the Moscow envoy or to stem the passions in the press, Shevardnadze answered the questions about diplomatic relations with Russia as follows: "I don't believe that the fact of establishing diplomatic relations is of crucial importance. It's a formality in the case of Russian-Georgian relations. We've had 'diplomatic relations' with Russia for over three hundred years."

Russia can be understood – Georgia's present state power has affirmed itself by force, having overthrown the legally elected president, government and parliament. The December events are a typical coup d'etat from the point of view of legal norms. Neither the State Council nor the new government have been legitimatized yet. It's evident that the Russian leadership has decided to postpone the establishing of diplomatic relations till parliamentary elections in Georgia.

But in Georgia other hopes were cherished. Strange though it may seem, the fact that diplomatic relations had not been established was regarded as Russia's unwillingness to recognize Georgia as an equal partner in international cooperation, as Moscow's intention to consider the Georgian territory part of the former empire.

Certainly, it's hard to say what the moods would be like if diplomatic relations were established – intricacies of state politics are not always discerned from below. I'm writing about the mood.

The basic goals of Georgia's foreign policy has not yet been finalized, but one can be sure that it won't include anti-Russian feelings, even in spite of rather strange escapades on the part of Russia. Eduard Shevardnadze received a telegram from coordinator of the parliamentary faction Rossiya (Russia) Sergei Baburin.

The latter demanded from the Chairman of the State Council the taking of resolute measures to "stop possible provocative actions against the Abkhasian republic" and threatened: "We will do all we can in order to make the President of Russia, Russia's Supreme Soviet and the Supreme Commander of the CIS forces take urgent measures in order to guarantee stability." This statement was regarded in Tbilisi as interference in Georgia's internal affairs and a bad joke.

Generally speaking, there are a lot of jokes and humour concerning the relations between Georgia and Russia now. Professional diplomat and former USSR Ambassador to the Netherlands Alexander Chikvaidze, appointed Georgia's Foreign Minister a few days before Kozyrev's visit, is also a great master of jokes. He is said to have met the Russian Minister at the Foreign Ministry with the words "Thank you, Andrei Vladimirovich, for showing me to this building." And, after a minute's pause: "I haven't yet had the chance to be in my ministry, having arrived from the Hague only yesterday."

Eduard Shevardnadze brings back professionals to politics – to replace Gamsakhurdia's friends and relatives who managed to occupy all ministerial posts during his year-and-a-half rule.

Now there is much discussion of Georgia's future foreign policy. Eduard Shevardnadze characterized it in the following way:

"We live in a zone of acute conflicts, potentially dangerous not only for the region's countries and peoples. This makes it necessary, on the one hand, to prevent Georgia from being involved in conflicts and, on the other, to promote their peaceful settlement by all possible means. In other words, we mustn't create problems for anyone and must help others solve them."

In the dissident circle

Even if the State Council Chairman made mistakes, they would be forgiven now.

"There is a catastrophic lack of time," Shevardnadze says. "Some view the situation with the analogy of a chess player who's nearing his time limit, when a maximum of moves must be made within minimum of time, and none must be a faux pas, at that. Yet I am not going to play chess, but try to help my people find a perspective."

The people in Tbilisi are annoyed by the behaviour of the National Guard and Mhedrioni fighters. Young guys who were issued arms but who were not properly instructed how to use them gather in the restaurants of central hotels in the evening and after a few glasses of wine start to "play around" with the arms. The residents of Tbilisi, the majority of whom have never been to barricades, have long ceased to see their defenders in these armed men.

No less serious is the dissatisfaction with the question of units of the former USSR still stationed in Georgia remaining unsolved after Kozyrev's visit. Radicals say that the country's independence remains fictitious as long as it is defended by foreign troops. So far Georgia has had no army of her own. A week after Kozyrev's visit the State Council adopted the resolution on creating the republic's armed forces. The detachments of the National Guard and the Mhedrioni fighters will make up their core.

The State Council united representatives of all parties and political organizations considered dissident in the communist period. The Georgians themselves reproach their political power only for one thing – the State Council is not an elected body of power. However, since it proved impossible to convene parliament after the December events in Tbilisi (called either a revolution or a war), the National Congress formed a year and a half ago by a group of parties opposed to Gamsakhurdia remained the only elected body. Shevardnadze's recognition began by his approval as the Chairman of the State Council by the National Congress.

"Differences between thinking people are a usual thing," says Shevardnadze. "The State Council is an assembly of intellectuals, but I can't imagine problems which could raise differences fateful for it."

Irakli Shengelaya, the President of the Christian Democratic Alliance, outspokenly characterized the attitude of parties' leaders towards Shevardnadze: "It's pragmatic. This man can do for Georgia more than any other political leader. No reason to oppose him."

True, there are more reserved opinions too. The leader of the National Congress, Chairman of the Party for National Independence Irakli Tsereteli said: "Shevardnadze was a representative of imperial policy. However, there is no empire in its former form, so if he is guided by Georgia's interests, I will support him. Still I have some doubts."

Sometimes his communist past is recalled – nothing to be done about it, but without hatred.

Former Communist functionaries, especially local ones, are said to have become more active with the coming of Shevardnadze. No names are mentioned, though. But in Tbilisi, where everyone knows everything, these doubts concerning Communists don't sound convincing.

As for the leader of the Georgian Social Democratic Party Guram Machaidze, he believes that Shevardnadze has never been a Communist in the word's proper sense: "As the Secretary of the Central Committee, he followed the course of democratization of political and public life and made a number of interesting experiments with a view to perfecting economic mechanism and introducing elements of the market economy. As a political scientist, I have studied his activity closely and have come to the conclusion that already at that time he behaved not as a Communist, but as a Social Democrat."

As for Shevardnadze himself, he does not for the time being commit himself to membership in any party structures or political organizations. He only advises them.

Irina Lagunina,
NT special correspondent
TBILISI

"He who walks slow, walks far"

After Moscow, you relax in the capital of independent Kazakhstan. There aren't any demonstrations, the walls of the houses aren't covered with political slogans, and there aren't any leaflets on the streets... In Alma Ata you can see the old placards: "The people and the Party are one," "Our common house – the Soviet Union..." Besides the visitors, no one pays any attention to them. There are no frenzied lines in the stores. There are coupons for all essentials. Individuals selling things don't block the streets. The few cooperators are bunched up in the places designated for them – next to the bazaars... No one says bad words about the first of the three current Kazakh *batyrs* (the national epic heroes – **Ed.**) – President Nursultan Nazarbayev. The only reminders of the political passions storming in the CIS are the broadcasts from the Moscow TV network Ostankino (and that is late at night local time).

President Nazarbayev is steadily leading the country to a market economy and democracy paying no attention to political passions

Nursultan Nazarbayev – the first *batyr* of Kazakhstan

The island of peace and security

Along the streets of Alma Ata go foreign limousines with red diplomatic licence plates. Over the former house of the republic's Culture Fund waves an American flag. True, the Ambassador of the United States, the first foreign country to recognize the independent republic, still lives in the Hotel Kazakhstan which is far from meeting diplomatic standards. There is neither the room nor conditions for diplomatic personnel.

Of all the former Soviet Union republics Kazakhstan resisted the disintegration of the USSR the longest of all. Alma Ata even now is for a confederated state. Nazarbayev thinks the division of armed forces ought to be stopped immediately, all be made subordinate to one command, and the formation of national armies be declared illegal.

The President believes that two republics, the Ukraine and Russia, are to blame, for the most part, for the disintegration of the USSR. The first broke up the Union, and the second doesn't try to reestablish it. They say, that after the Minsk decisions of the "Slav threesome" in December last year, Nazarbayev even lit up a cigarette after a long break...

And this is not at all the slumbering Party conservatism of a former First Secretary of the CC of the Communist Party of Kazakhstan, but adherence to "realistic politics" as the Germans living in Kazakhstan say (they incidentally, one by one, leave the country). Common sense tells Nazarbayev to unite with Russia, something the other fractious republics might do too in the future.

In the former USSR Kazakhstan was made a big arms testing site. In the headquarters of the international anti-nuclear movement Nevada-Semipalatinsk, headed by the second Kazakh *batyr*, Olzhas Suleimenov, "Testingstan" is drawn on a map of Kazakhstan.

Proving grounds, air fields and barracks take up a fifth of the territory of the republic. What hasn't been tested in this republic! – nuclear, neutron, chemical and bacteriological weapons. At the Semipalatinsk testing site alone there have been conducted some 467 nuclear tests since 1949. A letter from a *mualim* – rural teacher – in the village Buran on the Chinese border happened to fall into our hands. He writes that almost all the inhabitants of Buran have cancer.

And even in the capital itself there are many places with high radioactivity. That's especially true of the monuments to the leaders. The bust of the former First Secretary of the CC of the Kazakhstan Communist Party, D.Kunayev, gives off radiation four times exceeding the norm, and the monument to Lenin exceeds the norm ten times...

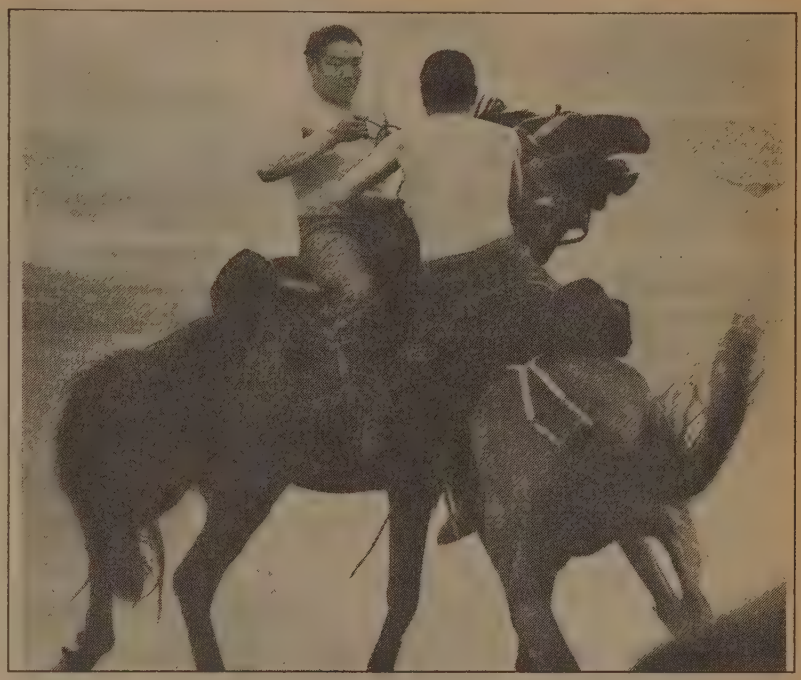
Under the communists the economics of Kazakhstan had only one aim – to fill the grain bins of the Motherland, and extract the countless natural resources – non-ferrous metals and oil – from the ground... Almost 80 percent of all necessities were brought into the republic from outside.

Nursultan Nazarbayev has to cope with a contemporary Babilon. There are more than 100 ethnic groups living side by side in Kazakhstan. There are no logical grounds here for nationalism, nor can there be. The Kazakhs make up less than 40 percent of the population. And the large number of Slavs (also 40 percent of the population) live together with the Germans, Tartars and Uigurs... Ten percent of the Kazakhs have become completely Russianized, and another forty percent don't know their native language. Olzhas Suleimenov is such a Kazakh, by the way. There are lots of mixed marriages in the republic.

Nor can Nazarbayev unite the republic on a religious basis. The Kazakhs have never been zealous Muslims. Even before the October 1917 revolution there were much fewer mosques in Kazakhstan than in the rest of Turkestan. The local women never wore the yashmak, and today they are more emancipated (by Muslim standards) than their neighbours in the republics of Central Asia. Therefore Nazarbayev asserts that "attempts to claim religious superiority would be very difficult and simply impossible even in the distant future."

Tears of fractious tribes

Though Nursultan Nazarbayev won the communist style election (the only candidate got 98.8 percent of the votes), it doesn't mean that he doesn't have any opponents. Some of them are quite aggressive. The leaders of the national patriotic movement *Alash,* whose headquarters are in Moscow, accuse the President of forgetting the "great Turkic idea."



Wrestling is an excellent national sport as long as the violence doesn't step over into the sphere of interethnic politics

According to one of the leaders of *Alash,* Aron Atabek, "the whole area from Khingan Mountains in the east to the Carpathians in the west, and from the southern chain of Great Mountains to the northern latitudes of the Urals and Siberia, belonged to the Turkic nomads." Therefore, no one but the Turks have a right to claim this territory. What should be done about the "Russian chauvinists" (as Atabek calls them)? The leader of *Alash* thinks they should quit the country. "It's better to put out money for their repatriation than doom the people to eternal internecine conflicts."

Little by little even Kazakh Communists who changed hues with the changing winds of time and became socialists are beginning to "pinch" their former First Secretary. They can't complain about lack of money. Most of the communist money went into the coffers of the Socialist Party of Kazakhstan and was invested in business. The post-Communists accuse Nazarbayev of betraying the "proletarian internationalism."

The writers Olzhas Suleimenov and Mukhtar Shakhanov formed a democratic association – the Party of the People's Congress of Kazakhstan. In spite of their renown as writers, the political careers of both (by the way, they are former People's Deputies of the USSR) are the result of their civic activity. The second *batyr* lead the fight for nuclear safety... His shining hour was the closing of the Semipalatinsk testing site. True, after the closing of the testing site the Semipalatians themselves lost their means of subsistence. And now there are already meetings about that. Nevertheless, Olzhas Suleimenov still rates high with the people.

The third *batyr* became famous in the republic for his investigation into the December 1986 tragedy in Alma Ata where, in his words, "there was the first spontaneous people's uprising in the former USSR for democracy." Then he came out for a sure-fire ecological stand heading the Aral-Asia-Kazakhstan Committee. The Aral, in the meantime continues to dry up. Some made fortunes on public donations, but Shakhanov's authority is growing.

"In such a multi-national republic as ours, one has to act very carefully," says Shakhanov. "The

Kazakh saying goes: 'Who walks slow, walks far.' Therefore our President, an Asian who thinks like a European, is walking a fine line. The route from totalitarianism to democracy, especially in a republic like Kazakhstan lies through authoritarianism. You don't like that? I don't either. But without this we won't go over to a market economy and would bog down in unecessary political discussions and interethnic conflicts."

"In our party, we, of course, condemn the extremism of *Alash,"* goes on Shakhanov, "but at the same time come out for the priority of the much suffering Kazakh people. Before the revolution we were a colony of Russia. The Kazakhs still remember how on the doors of the churches hung the signs 'No admittance for dogs and Kazakhs.' Due to the starvation in the 1930s half of the population of Kazakhstan perished. In 1937, the Kazakh intelligentsia was almost totally killed off. The Khrushchev days of putting virgin lands under cultivation sharply changed the demographic situation in the republic: we became the ethnic minority. The local Communists constantly looking to Moscow sought to make the Kazakh people forget their history. And what more can you say, if of twenty first secretaries of the CC of the Communist Party of Kazakhstan only three were Kazakhs. And even they, after being removed from office, didn't remain in the republic. In short, we were neglected... In his time, the main plougher of virgin soil, Nikita Khrushchev, having come to Kazakhstan, shouted from the ramp of the airplane: 'My warmest greetings to the Uzbek people!'... But meanwhile the Russian chauvinists want to take away our northern regions."

A dilapidated old mosque. The Islamic factor as yet doesn't play a decisive role in the life of the republic

Photo by A.Mikhailov

Threat from the North

However, the local Russians, as it seemed to us, aren't making any claims on the "northern regions." Such claims come either from the Russians living abroad (Solzhenitsyn) or from Moscow ultra-patriotic circles.

In the capital of Kazakhstan, and in other large industrial cities of the republic, the Russians haven't shown any desire to create a national party. Why? They are the majority as it is. And besides, Nazarbayev has quite a rational national policy. It is he who said: "I won't call a single person in Kazakhstan a migrant and I don't recommend you do."

Nevertheless there are problems. There's no House of Nationalities in the Kazakh parliament, and Yeltsin is far away... And here they are cooler to him than in Russia.

Moreover, the Russians are concerned by the fact that the demography in the republic is being changed artificially. Kazakhs from all over the world are being called back to Kazakhstan, while there's going to be a departure of the Germans to Germany or at least to the Volga regions, the Koreans to Korea, and the Russians to Russia... The local patriots have a slogan: "The Russians to Ryasan, the Uigurs to Xinjiang."

The "Kazakhization" is going on with a clamour in the republic: beginning with renaming the streets in Alma Ata (Staroklad-bishchenskaya Street – Stalin Prospect – Communist Prospect – Ablai-Khan Street) to appointing representatives of the native population to all the prestigious posts.

The controversy over the Resurrection Cathedral Church in Alma Ata is going on. It was built with the money of the congregation of the Russian Orthodox Church of Verny (the old name for Alma Ata). In the 1920s the church was taken away from the congregation and hasn't been returned to this day. Last Easter Nazarbayev promised to return it to the Orthodox believers. But instead of that, it was turned into a museum of national folk art. The congregation was offended by two Kazakh yurtas being exhibited in this holy place.

A feeling of anxiety is also experienced by the representatives of other peoples. Sometimes they are blamed all together for the misfortunes of Kazakhstan. One wrong word will lead to serious interethnic strife. Thus, the mayor of the city, Nurkadilov, explaining the reasons for the growth in the crime rate, said on TV: "Who among us are the main drug runners? Most likely the Uzbeks."

* * *

And nevertheless the republic is peaceful. For now. The civilian world and peace are guaranteed by the policy of Nursultan Nazarbayev. He is following the rules of the game. He is predictable.

Yakov Borovoi and Alexander Chudodeyev,

New Times special correspondents

ALMA ATA – MOSCOW

New priorities in Bonn's policy

German historian **Michael Stürmer** interviewed by our special correspondents **Anatoly Kovrigin** and **Dmitry Pogorzhelsky**

Russian and German soldiers fraternizing. Spring 1917

Relations between Germany and Russia date from the time of Peter the Great when a purposeful Europeanization of the latter had been started. It has been a period of rapprochement and alienation, accord and contradictions. But fear and mutual admiration remained all the time. A passage from Dostoyevsky's novel *The Possessed* can be recalled here: "German engineers are rationalistic, prosperous and lucky. We, gardeners, are poor and pure, whereas they are rich and vicious." This is what Russians thought of Germans. The Russian soul, with its depth and breadth, and German discretion seemed to have supplemented each other. The same thought was also emphasized by Alexander Solzhenitsyn. The importance of the purely spiritual factor, vividly manifested in literature, cannot be left out of consideration.

Recalling the past, we can say that Prussia owed its existence to the Russian tsar, though already then the feeling of gratitude was mixed with fear. Let us take the joint struggle of Russia and Germany against France during the rule of Napoleon. Germany was compelled to form an alliance with Russia, understanding that it could not counter Napoleon by itself. However, German politicians did not give up the thought of what attitude they should adopt towards Russia after the war. At that time Russians were called "our tricky liberators." A curious historical parallel can be drawn here. In 1945 Russians also liberated us from tyranny. Last century they liberated us from a foreign dictator and this century from our own.

The reds thought that a world revolution would begin in Germany. That is why Moscow helped the German Communists. At the same time, guided by purely pragmatic state interests, it closely cooperated with the Reichswehr and German authorities, which tried might and main to crush the Communists. The alliance with Germany was essentially based on anti-Western policy. There was unity in this sense.

Was the Hitler-Stalin pact a logical consummation of the Rapallo treaty?

It also carried the Rapallo treaty to an absurdity. Hitler signed the pact not because he had dropped plans of conquering the East. As far as we know today, Stalin did not regard the pact as a long-term document either. He wanted to play off Germany against the West and then put forward his own terms in defining the future of Europe.

The postwar division of Europe seemed to have brought our countries apart forever, placing them in different camps. East and West became political rather than geographical notions.

Originally, Germany was not a Western country. After the war the Western

The authoritative fund Science and Politics was established in Ebenhausen, near Munich, 30 years ago by a group of prominent West German scientists and public figures. Its main purpose is to analyse problems of security and arms control. A scientific institute concerned solely with world politics was organized soon as part of the fund. Its researches are invariably used by the federal chancellery, the government and all factions of Bundestag in defining the country's foreign policy aims.

For several years now the institute has been headed by Prof. Michael STÜRMER, a notable historian and publicist.

orientation of the country was disputed in it rather actively and, say, the market economy was not as natural as, for instance, in Britain. Moscow held the eastern part of Germany and, together with it, a strong trump-card. Reunification was offered in exchange for the Finlandization of Germany or an ideological rapprochement between it and the Soviet Union. This is what the West feared most of all. In the opinion of Konrad Adenauer, Moscow would concede in the matter of reunification if the West were strong enough to make the USSR accept a compromise not by military force but by persuasion, showing that reunification is advantageous to it.

The role of Adenauer and his uncompromising pro-Western stand can hardly be overestimated. He attained his goal by making Germany an integral part of the West. True, he was assisted in his efforts by a sequence of events: the death of Stalin, the Berlin riot in 1953, and the dramatic events in Hungary in 1956, as well as by Khrushchev's policy, the coaxing of Germany verging on the rape attempt. This policy helped to strengthen the positions of Adenauer and his rightness. Otherwise, our country would not have been firmly drawn into the Western system.

When it became clear that reunification was inevitable the West feared that Germany would gain neutrality and opt out of NATO. Contrary to its own interests, Moscow objected to the Federal Republic remaining a reliable link in the Western chain.

François Mitterrand's visit to Kiev in December 1989 was a travel into the past, an attempt to explore the possibility of reviving an anti-German alliance with the USSR. He understood, however, that Moscow was too weak for new alliances and, incidentally, France was not strong enough for this purpose either. It became evident to Mitterrand, too, that it would be extremely improvident to risk the alliance with the West and the friendly partnership with Bonn for the sake of a vague and uncertain alliance with the USSR.

What is the essence of Bonn's eastern policy today?

It is in the interest of Germany now that Russia copes on its own with the incredible difficulties in the economic, financial, social, cultural, ecological and energy spheres. The fear of the Soviet Union gave way in our minds to concern about the destiny of Russia and what remained of the USSR.

Do you imply Germans or the West as a whole by saying "in our minds?"

I have in mind the West, but Germans first of all. For us it is a matter of geographical proximity, security and history. We know or can suppose that if Russia fails to become the master of its own destiny the whole of Central and Eastern Europe will slide into disastrous uncertainty and chaos. That is why, along with restoring the new federal lands, we Germans are interested in helping Russia to acquire stability, though our possibilities are limited in this respect.

The fear of the USSR has disappeared. What then frightens you today? A return to totalitarianism?

If democracy in Russia produces a kind of strong man or a variant of rigid social and economic administration, we Germans, just as Americans, will probably understand this. We would like to see authoritarian democracy which leads to stability rather than a democracy which destroys itself. But we also fear authoritarian democracy because it revives the nationalist feelings of pan-Slavism.

How do you see the prospects of Russia?

Entirely new institutions must appear in Russia. We hope that it will quickly attain the level of, say, West Germany. But we also want Russia to become a country which lives in accord with its environment. It will take about 20 years. The example of East Germany shows how difficult a similar task is and what a deep trace the former regime has left in the souls of people and in the country generally. We need 10 years to raise the former German Democratic Republic to our standards, though Germany is a rich country which has excellent organizers, officials, businessmen and a strong currency.

One of the priorities of German policy lies in an early integration of Europe, the building of a political and currency union. Will not the process of European unification be disrupted by an outburst of national egoism in the post-socialist world?

During the first 20 years European countries united because they were weak while America was strong, and there was a threat from the East, on the part of the Soviet Union. As soon as the USSR and the threat created by it disappeared an important factor of unification ceased to exist. At the same time the protection of Europe by the United States loses its significance. To a greater or lesser degree, this protection made all West Europeans equal. Today some countries in Western Europe are more equal than others.

Europe should determine its priorities again, and this task is difficult. Till recently the Federal Republic was concerned with raising the level of southern countries of the Common Market to that of France or Italy in the earliest possible time. Today Bonn has to develop its own, eastern lands and help Russia.

Stalin and Ribbentrop shaking hands following the signing of a non-attack treaty in the autumn of 1939. A march-past of Red Army and German troops in Brest Litovsk

Disputes immediately began in the Community – who should pay more and for what, how to divide the common pie, and who can lay claim to a bigger piece. Poland, Czecho-Slovakia, Hungary and other countries also lay claim to pieces of the pie. In Germany itself the western lands jealously see to it that the new lands do not receive too much. Thus, the situation in Europe is getting complicated because it is a matter of distribution, which is always a complex process.

We say that Germany alone is unable to carry the burden of aid to Eastern Europe and Russia and that each country should assume its part of the burden. We are told that Germany must pay if it wants the Soviet troops to leave its territory. But such a situation cannot last long. The burden should be distributed more equitably.

Georgi Chicherin and the State Secretary of the German Foreign Ministry Ago von Maltzan at the Berlin railway station

Is financial pressure the only cause of differences?

We are worried about the future of the Commonwealth of Independent States much more than about the disintegration of the faraway Arab world. This is natural because each country has its national interests determined by its geostrategic position. As a country lying in the centre of Europe, we must do everything in our power so that our neighbours live in harmony with each other. Since our possibilities are limited we must set priorities. Our priority is the East. In the east of Europe it is extremeley difficult to determine clearly the national borders of many states. An attempt to do that, as it was done in 1914, will push Europe towards a disaster. We are also worried about the situation in southern and Central Asian republics. There is a great danger that it can be 100 times worse than in Lebanon. I am afraid that the partition of the Soviet Union's property, the proliferation of arms, the Moslem arc of crises, and the incipient huge migration of people can lead to explosive consequences.

What can the seven leading nations of the West do to stabilize the situation in the Commonwealth of Independent States?

The group of seven is the only effective and mobile instrument for guiding the world. The United Nations is a cumbersome organization. The seven major nations are aware of the need to give strong support for the Russian reforms this year. At their meeting in Munich, Germany will do everything it can in this respect. As a matter of fact, at the London meeting last July it was the only country to have insisted on a more equitable distribution of the burden. However, Germany did not succeed in having the burden redistributed.

Why?

All Western countries are now in a difficult economic situation and, to a greater or lesser extent, are concerned with their own affairs. Politicians find it increasingly hard to explain to the voters why they should pay ever new sums. If the West and the East do not jointly chart a programme of action and fail to determine the boundary which the West must not cross aid to Russia will be reduced to filling a bottomless barrel.

Our magazine recently published an article by Fred Ikle, former deputy secretary of defence of the United States, on the possibility of forming a Russian-American defensive community. Do you think a similar community can be established? Is it not an attempt to push the West Europeans into the background?

There is certainly such an attempt in Ikle's proposal. Ikle talks about two things. First of all, it is a joint system of global control and observation over nuclear weapons. Secondly, it is a coordinated, even integrated system of anti-missile defence. The Russians have something to offer for such defence. As far as I know, Russia holds leading positions in laser technology. Thirdly, though Ikle does not talk directly about this, it is the need to have Russia as a partner in the settlement of world crises.

A partner with the seven?

No, with the United States. Nuclear weapons have one property – they are a political weapon, a great equalizer. It is in the common interests of the states of the North that the states of the South do not acquire nuclear weapons and the technology of their manufacture. Such is the basic idea of Ikle. It cannot be realized by the United Nations because the South has very strong positions in it. Besides, China, as one of the major suppliers of high-technology weapons, has the veto right in the Security Council.

Let us conclude our talk with the question about Russian-German relations and, concretely, about the future of the Kaliningrad region. In Russia a parallel is sometimes drawn between former East Prussia and the Kuril Islands turned over to Moscow as a result of the second world war.

It surprises me why an entirely wrong parallel has arisen so quickly in Russia. No one in Germany even thinks about revising the postwar arrangement, though it is believed for some reason that Germany has a secret plan of regaining East Prussia. There is no such plan. But if politicians talk about a free economic zone around St. Petersburg why can't the Kaliningrad region be declared such a zone. In Germany there is no definite opinion on this question, though some projects have been offered. But today we have our hands full.

We, Germans, are no longer nationalists in the old sense of the word. We do not want to conquer new territories. Did you think why the Germans would want to live like the Swiss?

Tiny Switzerland looms like a hardly attainable island of well-being and prosperity.

The example of the Swiss company Nestlé, which operates the world over, shows what a small country can achieve by conducting profitable trade. The Germans have understood that the territorial problem is not decisive.

The question of declaring the Kaliningrad region a free economic zone should be discussed quietly with politicians, bankers, businessmen and scientists in order to draw up a concrete project from which everyone would benefit, the Polish and Lithuanian neighbours included. Russian admirals are the only ones who can lose. But the Kaliningrad region as well as Russia doesn't belong to them any longer.

EBENHAUSEN

Anticipating admittance to the World Bank

The package of aid for Russian economic reform announced by US President George Bush shortly before the start of the Sixth Russian Congress includes a heavy share of money from international financial organizations: $4.5 billion from the International Monetary Fund, the World Bank, and the European Bank for Reconstruction and Development.

The IMF got the most public attention, because of heated debates around the issue of joining the organization, which were used by the jingoists as a fresh pretext to hurl, against the democrats, an accusation of wanting to sell the country to the imperialists. But if the IMF can be likened to a surgeon operating on a body and saving the patient's life (the life of the ailing government) by supplying means necessary for steadying out the balance of payments, then the World Bank has the role of nursing the patient back to health.

How many billions would Russia not have been loaned had its Congress forced the current government to resign?

The "purgatory" of the IMF

The World Bank (the International Bank for Reconstruction and Development) was founded in 1945, together with the IMF, with the aim of financing the postwar restoration of West European industry. Later, after the majority of the West European countries reached sufficiently high levels of development, the Bank switched to financing projects in developing countries in Asia, Africa, and Latin America.

Though Andrei Gromyko, the then USSR Ambassador to the USA, participated in the Bretton Woods Monetary Conference which launched the WB and the IMF, Moscow opted (for some obscure reasons) to abstain from joining the two organizations. That is why among its 156 members – the USSR's former socialist allies in Europe (Hungary, Poland, Czecho-Slovakia and Bulgaria) included – there are no countries which formerly were part of the USSR (incidentally absent too are Switzerland, China, Taiwan, North Korea, and Cuba).

For Russia (which has applied for affiliation, as well as the Baltic republics, Armenia, Azerbaijan, Belarus, Kazakhstan, Moldova, and Ukraine) membership in the World Bank is crucial because it can help tap yet another and important source of financing reforms with about one and a half billion US dollars, which is equal to one tenth of all loans from the World Bank to 42 countries in 1991.

But in order to be admitted to among the Bank's members, Russia will have to pass a "purgatory" of the IMF first (since only IMF members can be admitted to the WB, according to its rules). This means that all our rights will depend on the extent of the quota shared with us in its capital. We shall have to forget about condemning the main feature of what Lenin called "imperialism," to wit the division of spheres of influence on the principle of economic potential, rather than on a more democratic but economically inconsistent principle of "one country, one vote."

Who calls the tune?

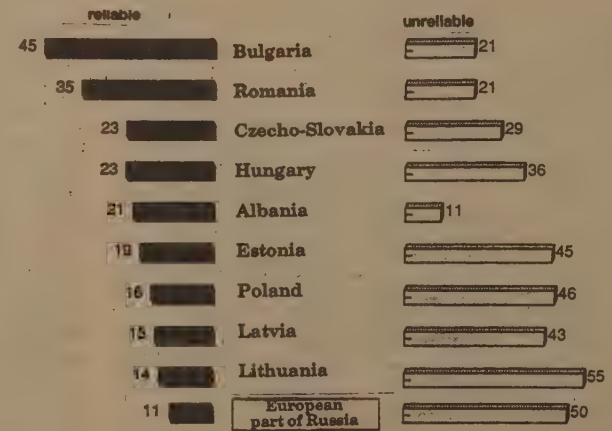
The US does, with its 17.6 percent of the overall capital (next come: Japan with 8 percent, Germany with 6.2 percent, France and Great Britain with 5.9 percent each). This capital is amassed through allotment of shares. The authorized capital of the WB is at present 174.5 billion US dollars. The Bank obtains the financing it needs by issuing bonds at the world capital market. Its bonds are considered highly secure and permit the Bank to make borrowings at very favourable terms.

PUBLIC OPINION POLL

ARE THE REPUBLICS OF THE FORMER SOVIET UNION RELIABLE TO BE SAFELY DEALT WITH?

Certain countries cannot be rated as square dealers and honest trade partners. What is the rating, in your opinion, of the ex-USSR republics as trade partners?

The poll was conducted by the EUROBAROMETER service of the Commission of the European Communities with the aid from the ROMIR firm specializing in Russian public opinion and market studies **(headed by Yelena Bashkirova).**

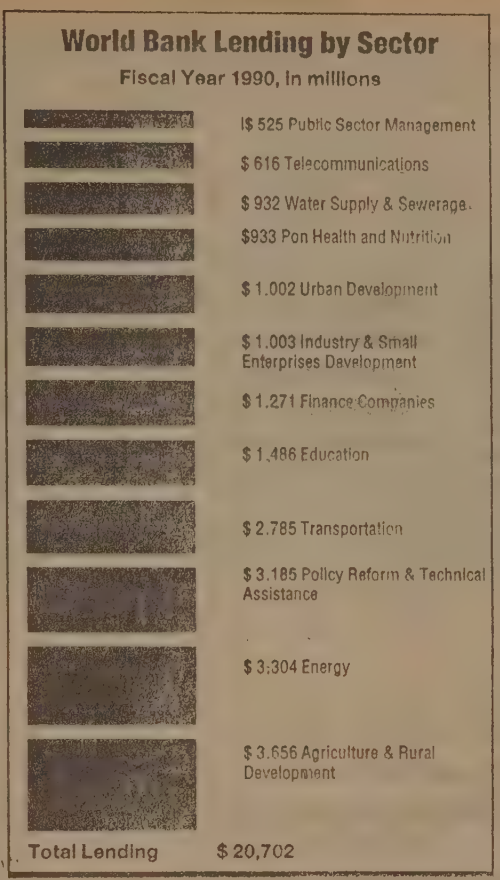


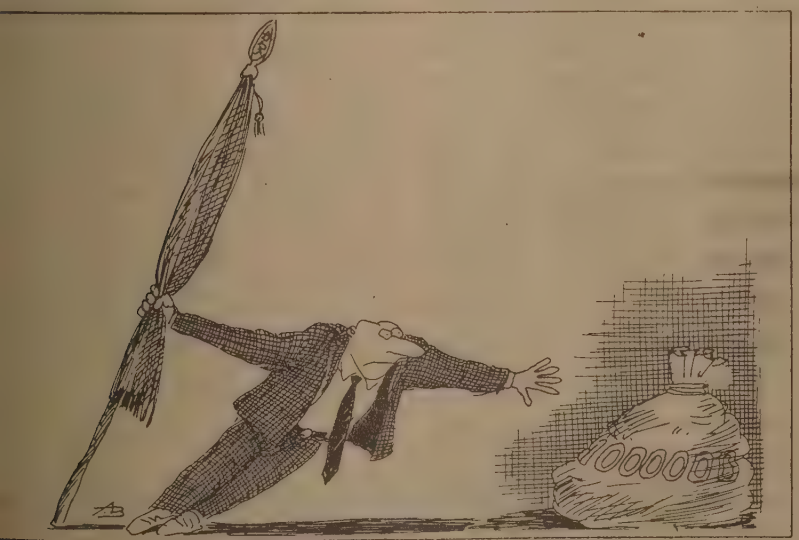
In mid-April, the Board of Executive Directors of the World Bank came out in favour of meeting the requests of the ex-USSR republics for affiliation and purchase of 5.05 percent of the shares (which is comparable with quotas of Canada, India, Italy, or Saudi Arabia). The bulk of the shares will be sold to Russia.

In order to be able to use the money the WB is prepared to lend us, Russia will have to make assessed contribution for the WB shares. The size of the contribution is directly proportional to the size of the IMF quota which is three percent, in line with an agreement reached in late March. This minimum will allow Russia to become the 8th largest shareholder and entitle it to draw about four billion US dollars on credit.

After contributing a certain sum to the IMF capital stock (which is necessary for entering the WB), Russia will have to subscribe to shares amounting to 86.36 percent of its quota with the IMF. However, in line with procedures adopted by the WB which wants to spare its member countries a hard-currency drain, our spending of hard currency is going to be fairly modest.

Any country aspiring for membership has to pay only two percent of half of its assessed contribution in US dollars or gold and 18 percent of half of its assessed contribution in its national currency. If the payment is done in US dollars, the sum is simply remitted to the WB's bank account. If it is gold, it has to be transferred to the Federal Reserve Bank of New York or the Bank of England.


World Bank Lending by Sector
Fiscal Year 1990, in millions
I$ 525 Public Sector Management
$ 616 Telecommunications
$ 932 Water Supply & Sewerage
$933 Pon Health and Nutrition
$ 1.002 Urban Development
$ 1.003 Industry & Small Enterprises Development
$ 1.271 Finance Companies
$ 1.486 Education
$ 2.785 Transportation
$ 3.185 Policy Reform & Technical Assistance
$ 3.304 Energy
$ 3.656 Agriculture & Rural Development
Total Lending $ 20,702



Drawing by Alexander Zudin

It isn't necessary to remit or transfer the rubles. It will suffice to place the ruble sum into a depository agreed upon with the WB and put it on the WB's bank account in local currency.

Benefits

After fulfillment of all procedural formalities and mandatory assessed contribution for the WB shares, Russia will have a right to claim loans. Far from all countries have this right, only those with the GNP per capita annual rate below the $4,095 level. Therefore, the main bulk of the loans go to fairly well off developing countries like Algeria, Argentina, Mexico, Egypt, and Indonesia. The least developed countries are handled by the International Development Association allied with the World Bank.

What is the GNP per capita annual rate in Russia? The latest assessment of certain international economic organizations which studied (in late 1990) the situation of the Soviet economy – which was neither confirmed nor disproved by Soviet officials – estimates it at about 1,700 US dollars (to compare: 17,000 US dollars in the developed countries which are members of the Organization for Economic Cooperation and Development). Even if the figure now, after withdrawal of underdeveloped Central Asian republics, has upped somewhat, it is still way below the limit established by the WB, which will make us eligible for WB loans for many years to come.

And this is a very reassuring prospect, considering the conditions attached: the loans are issued for 15-20 years at an annual interest rate of merely 7.73 percent, and the repayment usually starts only after 5-6 years. No governmental (on bilateral agreements) and even less so commercial credits are issued on such favourable terms. Moreover, the WB can become a source of constant credit for Russia, since the Bank wields immense authority on the world credit market.

"Dollar trap": only for the stupid

Russia will not have a chance to use the WB loans as stupidly as it did in respect of the major part of the credits the USSR squan-

The military will not have the money

The Bank is financing any economically efficient projects but doesn't loan money for military, atomic power engineering or any environmentally hazardous projects, or for purchase of luxury items and tourism. The Bank has currently about 2,000 projects under implementation and gives annually above 200 new loans which on the average cover 30-40 percent of the cost of the projects. The overall cost of projects financed, to a certain extent, by the Bank is 50-60 billion US dollars and is comparable to a GNP of a medium size country.

The bulk of the loaned money (31 percent) goes to Asian countries, another 29 percent to Latin America, still other 21 percent to European and Arab countries, and 19 percent to Africa. Poland, Czecho-Slovakia, and Hungary have been active seekers of loans in the last years.

The Bank is ruled by its Board of Governors, with one Governor and one Deputy Governor from every member state. The Bank elects its President. Its executive body consists of 22 Executive Directors, five of whom are appointed by the five members having the largest number of shares of capital stock, with the remaining 17 elected by the Governors representing the other members.

The seat is in Washington, DC. Branches are in New York, Paris, Tokyo, and Geneva, and resident missions, in 50 borrowing countries.

dered during the "stagnation" and the *perestroika* years. But what Russia will face is a universally accepted practice of responsible crediting, rather than a "dollar trap," according to the *Pravda* newspaper.

The World Bank gives loans in order to promote reconstruction and development of its member countries only to governments of those countries or to the private sector under governmental guarantees, and exclusively for the purpose of boosting economic production.

The Bank must be sure that the necessary funds cannot be drawn from elsewhere and that the country is prepared to fulfil the Bank's recommendations concerning restructuring of its economy (which will guarantee repayment of the loans). The World Bank is never imposing its decisions on others: governments are free to accept or reject the recommendations, equally as the Bank is free to decide upon issuing the loans.

Russia, like other countries, can count on receiving two types of loans.

About 75 percent of the loans are investment loans for specific projects in economic privatization, development of power engineering, agriculture, transport, etc.

The other 25 percent are structural adjustment loans issued to bolster the government's efforts aimed at in-depth economic reforms and market-oriented restructuring of the archaic economy.

If Russian government suffered defeat through a crisis at the Sixth Congress of People's Deputies, the issuing of the structural adjustment loan would become questionable, since the chief ground for receiving it immediately after joining the WB – certain already implemented and planned reforms described in detail in a memo sent to the IMF late last month – might be compromised. However, this is the only type of loan which gives the government a relatively free hand with its investment. But the government must be able to think in terms of long-term economic interests rather than care mostly about patching individual gaps.

They have come!

Even before Russia is its member, the WB already has its office in Moscow – the first among all other international financial organizations. Economic missions from the WB practically every week visit Moscow and consult the Russian government on the matter of crediting the reform in the agrarian sector, oil and gas industry, social welfare, and housing construction. In early April, there was a handsomely represented conference on the "Strategy for Reform in the Food Sector." The conclusions drawn by the conference will form a theoretical basis for financial crediting of the country's agriculture.

It is strange but the Bank's experts sometimes meet with indifference on the part of Russian officials who are responsible with supplying the relevant data. However, they simply lack certain information, since Russian statistics is still in its infancy, according to international standards. And whatever data they have isn't easily accessible. The officials imply: we can't do our work quicker because we are grossly underpaid.

Alexei Kireyev

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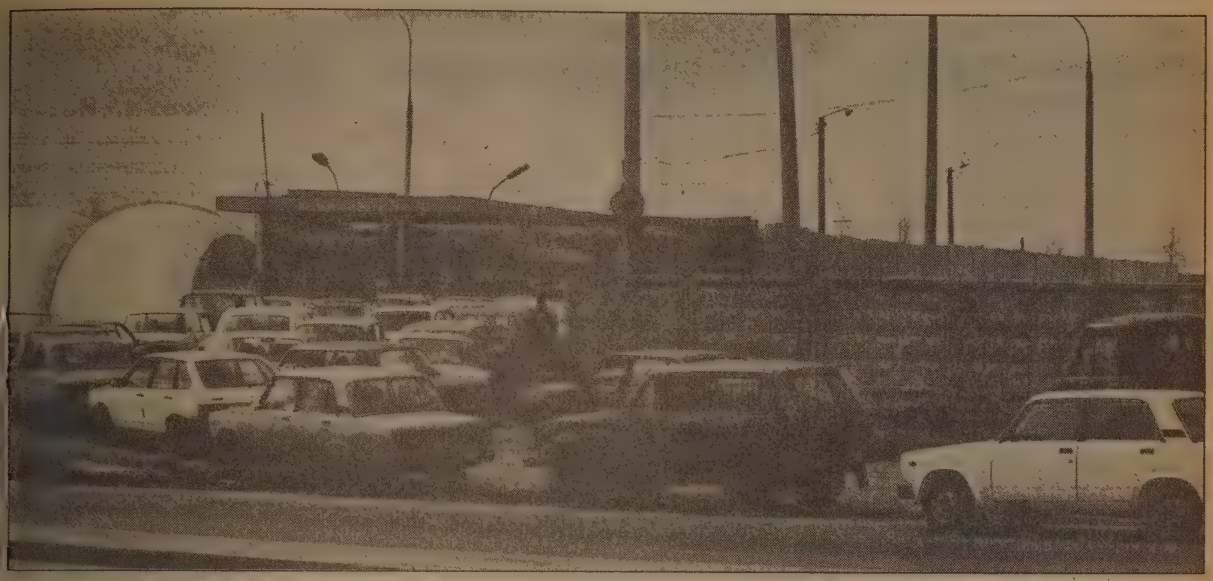


Prices for gasoline have jumped five-fold, but car drivers fear this is not the limit yet

The prospects of Russia's economic policy

The principal objectives of the Russian government's economic reform policies continue to be curbing high rates of inflation, bolstering the ruble, reversing the fall in production, and improving the country's foreign trade performance, affirm officials from the government's Economic Reform Task Force.

Domestic fuel and energy prices should approach world market prices, enabling the government to scale down subsidies and tax incentives for the energy sector. Restructuring of the fuel and energy sector should result in substantially lower losses and increased foreign exchange revenues from the export of these commodities.

This "residual" price liberalization will be the second critical moment, both economically and socially, following the lifting of price controls in January. These measures could lead to bankruptcies and production stoppages; thus, the government will have to soften its monetary policy for some time over a short term.

Increases in budget expenditures for the bolstering of certain enterprises and providing compensation to the population will be accompanied by spending cuts in other areas.

Further moves to dismantle the central planning mechanism will enable the government to make drastic cuts in the expense of managing the national economy.

Additional steps will be taken to boost budget revenues, such as the resumption of the levying of the value-added tax on all goods, introduction of uniform taxation of fuel and raw materials exports, a single customs duty levied at the rate of approximately 15% of the declared value of goods, reduction in the number of tax incentives, and granting local authorities the right to introduce additional taxes.

Measures have been devised to improve the performance of the State Tax Inspectorate, ensuring comprehensive collection of value-added and excise taxes.

The determined implementation of tight financial policies should restore confidence in the ruble as a means of wealth accumulation.

Controls over the interest rates of commercial banks will be lifted, and the state-run Savings Bank will raise the rate of interest on deposits.

The main objective in the area of external economic relations is to introduce a single, fixed ruble exchange rate at the earliest possible date. This should enhance the country's foreign trade performance and pave the way for Russia's integration into the world economy.

All export quotas and licenses will be scrapped (excepting those for fuel and energy resources and products whose export is limited on security grounds).

The size of export quotas for energy resources will reflect the projected fall in domestic consumption brought about by falling output and the adoption of energy-saving policies in the wake of the energy price liberalization.

The government intends to do everything within its power to preserve a unified economic space within the Commonwealth and will refrain from unilateral moves which might prejudice trade.

Special attention will be devoted to the creation of competitive markets through removing all obstacles to the establishment of new enterprises, devising regulatory mechanisms other than those based on cumbersome requirements to obtain licenses for production and trade, and exercising increased levels of control over monopoly enterprises.

The government is planning to accelerate

the rate of privatization of public enterprises, with emphasis placed on selling them off quickly through open tenders. Work has been initiated on a massive privatization program based on vouchers (individual investment accounts) that will be issued free-of-charge to all Russian citizens. Implementation of the program could begin in the fourth quarter of 1992. The crisis in the country's economy and finances is expected to be overcome by the beginning of 1993, when the budget deficit is to be eliminated and the rate of inflation brought down to 1-3% a month.

Energy prices

Yet another program

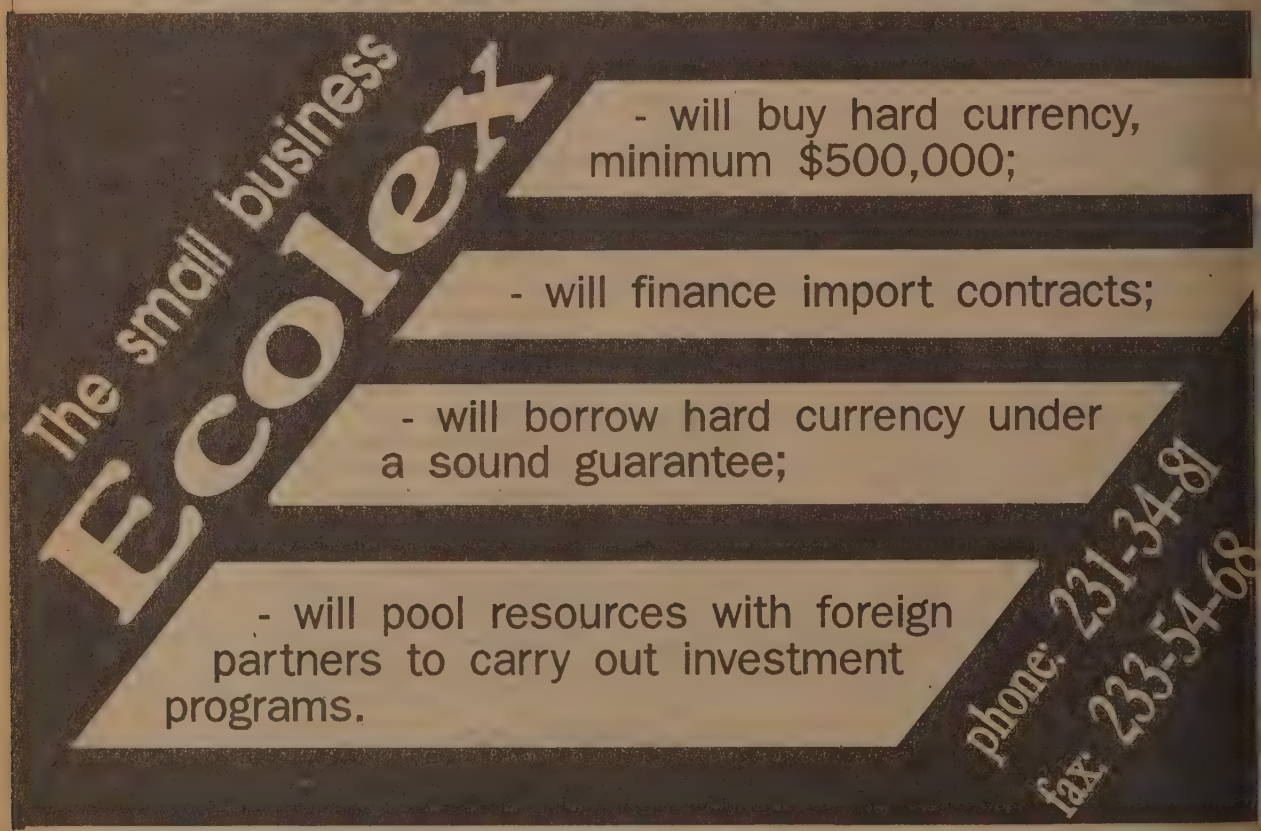
Executives of the Russian fuel and energy complex worked out their own energy price liberalization program and outlined its points at a meeting with parliamentarians. There, it was decided that Russia should undertake urgent measures to cope with the crisis in the fuel sector and entire economy.

As a first step, even before the end of April, caps should be placed on the price of the 40 percent of the oil and natural gas output which the energy industry is authorized to sell on the free market. The proposed caps are 2, 500 to 2, 600 rubles per metric ton of oil, and 1, 600 rubles per 1, 000 cubic meters of gas. Oil and natural gas will be sold to the CIS countries at these prices.

Step 2 is the liberalization of all oil prices as of June 1. Experts predict that, in this case, the oil price level is unlikely to exceed 2, 300 to 2, 400 rubles per metric ton. Also on June 1, a ceiling, 1, 250 rubles per 1, 000 cubic meters, should be introduced on the price of gas sold to Russian consumers (less VAT). It is emphasized that the utility rates for the population should remain inchanged.

The coal industry insists the state should raise the administrated coal price to 950 rubles per metric ton before May 1 (less VAT). This, they say, is the minimum needed to cover expenses caused by a rise in prices of products consumed by the industry and the implementation of a coal price agreement. These prices, however, will be obtainable only if the state continues to subsidize profit-losing mines, experts believe. And, as of June 1, coal prices must be freed.

According to energy sector experts, a delay in price liberalization may lead to a fall in oil production by up to 350 mn metric tons or more. It is estimated that Russia consumes 270 mn tons of oil annually. With 100 mn tons expected by other CIS countries, Russia may be left without a drop of oil to export to non-CIS nations.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DOSSIER

REGULATIONS

ON THE PROCEDURES FOR THE MANDATORY SALE OF HARD CURRENCY BY ENTERPRISES, ORGANIZATIONS AND INDIVIDUALS TO THE REPUBLICAN HARD CURRENCY RESERVE OF THE RUSSIAN FEDERATION, THE HARD CURRENCY FUNDS OF THE REPUBLICS, TERRITORIES, AND AREAS WITHIN THE RUSSIAN FEDERATION, AND THE STABILIZATION HARD CURRENCY FUND OF THE BANK OF RUSSIA

Pursuant to the decree of the President of Russia of December 30, 1991, "On the Establishment of the Republican Hard Currency Reserve of the Russian Federation in 1992," the following procedure shall govern the mandatory sale of hard currency by enterprises, associations, organizations and individuals (hereinafter referred to as enterprises) conducting business and registered on the territory of Russia.

I. General

1. All hard currency earnings of enterprises shall be deposited on their transit hard currency accounts which shall be opened and managed along with the current hard currency accounts of enterprises at banks and other financial institutions operating on the territory of Russia and licensed by the Bank of Russia and the State Bank of the Soviet Union to conduct foreign exchange operations, as well as at the Foreign Economic Bank of the Soviet Union, the International Investment Bank and the International Bank for Economic Cooperation (hereinafter referred to as authorized banks).

2. If enterprises export goods (or services) without intermediary foreign trade organizations, hard currency will be mandatorily sold to the Republican Hard Currency Reserve of Russian Federation, the hard currency funds of the republics, territories and areas within the Russian Federation, and the stabilization hard currency fund of the Bank of Russia and shall be withdrawn from their transit hard currency accounts on an order of exporting enterprises.

3. If enterprises export goods (or services) through intermediary foreign trade organizations, hard currency will be sold on a mandatory basis to the Republican Hard Currency Reserve of the Russian Federation, the hard currency funds of republics, territories and areas within the Russian Federation, and the stabilization hard currency fund of the Bank of Russia and shall be withdrawn from the transit hard currency accounts of these intermediary organizations on their order.

The remaining hard currency revenues after mandatory sale, less charges in favour of the intermediary, shall be remitted to the current hard currency accounts of the clients on an order of the intermediary foreign trade organization.

4. If goods (or services) are exported by enterprises fully owned by foreign investors or joint ventures in which foreign investors hold more than 30 percent of the authorized fund, hard currency is to be sold on a mandatory basis to the Republican Hard Currency Reserve of the Russian Federation, the hard currency funds of the republics, territories and areas within the Russian Federation, and the stabilization hard currency reserve of the Bank of Russia shall be withdrawn from the transit accounts of the enterprises, after the entire hard currency revenue has been deposited there by above-mentioned intermediaries less the cost of shipping, insurance and freight forwarding

MOSCOW BUSINESS WEEK

DOSSIER

abroad, as well as charges in favour of the intermediaries.

5. Upon the remittance of hard currency from transit hard currency accounts to the Republican Hard Currency Reserve of the Russian Federation, the hard currency funds of the republics, territories and areas within the Russian Federation, and the stabilization hard currency fund of the Bank of Russia, the remaining hard currency revenues shall be remitted, on their order, to their current hard currency accounts and can be used in any way consistent with existing legislation.

6. No interest shall be charged by authorized banks on the remaining funds of transit hard currency accounts.

No commission charges shall be levied on the operations of authorized banks to establish the Republican Hard Currency Reserve of the Russian Federation, the hard currency funds of the republics, territories and areas within the Russian Federation, and the stabilization hard currency reserve of the Bank of Russia.

II. Procedure of Mandatory Sale of Hard Currency by Enterprises to the Republican Hard Currency Fund of the Russian Federation and the Hard Currency Funds of Republics, Territories and Areas Within the Russian Federation

7. Enterprises which export goods (or services) listed in Annex 1 to the decree of the President of Russia of December 30, 1991, "On the Establishment of the Republican Hard Currency Reserve of the Russian Federation in 1992" shall sell 40 percent of their net hard currency earnings (hard currency revenue of enterprises from the export of goods and services, less the cost of shipping, insurance and freight forwarding abroad).

The mandatory 40 percent quota on the sale of hard currency proceeds from the following services listed in Annex 2 to the decree of the Russian President of December 30, 1991, "On the Establishment of the Republican Hard Currency Reserve of the Russian Federation in 1992" shall be applied to:

– rail, marine, air, automobile and river transport, insurance and forwarding of freight, to the hard currency proceeds from suppliers of exports and buyers of imports, enterprises and individuals in the Russian Federation as well as foreign clients less the cost, in hard currency, of rendering such services which are included in the cost of these services (less the expenditure and losses in hard currency listed as profits and losses);

– trade mediation operations;

a) trade operations carried out at one's own cost – to the hard currency earnings from the sale of goods (or services) less the cost, in hard currency, of buying goods (or services), including the cost of shipping, insurance and forwarding of freight abroad, less the expenditure and losses in hard currency listed as profits and losses;

b) trade operations at the expense and request of the client – to the sum of commission charges in hard currency;

– banking operations – to the excess of hard currency revenues of authorized banks over payments in hard currency involved in the performance of banking operations. The sale of part of the hard currency earnings from banking operations shall occur only after the approval of the annual balance and the profits and losses account of the bank for 1992;

– travel (including hotel accommodation) and cultural services – to hard currency proceeds from the realization of these services, less the expenditure in hard currency incurred in the rendering of such services and included in the cost of these services (less the expenditure and losses in hard currency listed as profits and losses).

The mandatory sale of 40 percent of the net hard currency earnings shall occur at the special commercial exchange rate of the ruble of the Bank of Russia valid at the time the hard currency proceeds are deposited on the accounts of authorized banks.

The sale of 40 percent of the net hard currency proceeds from the export of goods (or services) from the Russian territory before January 1, 1992, shall occur at the commercial exchange rate of the ruble as of December 29, 1991.

The procedure for, and quotas in, the mandatory sale of part of the hard currency earnings from the sale of precious stones and metals to the Republican Hard Currency Reserve of the Russian Federation shall be determined by the government of the Russian Federation.

8. The following revenues shall be exempt from the mandatory sale to the Republican Hard Currency Reserve of the Russian Federation and the hard currency funds of the republics, territories and areas within the Russian Federation:

a) the hard currency earnings from the export of products by enterprises fully owned by foreign investors, and joint ventures in which foreign investors hold no less than 30 percent of the share, and which have been registered by the Ministry of Finance of the Russian Federation, the Ministry of Finance of the Soviet Union or the Ministry of Economy and Finance of the Russian Federation;

b) the hard currency earnings of the banks fully owned by foreign investors and joint banks in which foreign investors hold more than a 30-percent share, and which have been registered by the Bank of Russia or the State Bank of the Soviet Union;

c) the hard currency earnings from the export of final or intermediate goods and materials as part of international production cooperation, including cooperation in the processing of virgin raw materials.

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Exempt from mandatory sale will be part of hard currency earnings in cases stipulated by existing laws.

9. The 40 percent of net hard currency earnings shall be purchased for the benefit of the Republican Hard Currency Reserve of the Russian Federation by the Foreign Trade Bank of the Russian Federation.

Enterprises may direct up to two percent of their net hard currency earnings (to be accounted as sales of hard currency to the Republican Hard Currency Reserve of the Russian Federation) to the hard currency funds of republics, territories and areas within the Russian Federation. This part of net hard currency earnings shall be purchased by the Foreign Trade Bank of the Russian Federation or other banks authorized by republican and local governing bodies to keep accounts of corresponding hard currency funds at the expense of corresponding budgets.

10. When hard currency is remitted to the account of an enterprise for the export of goods (or services) the authorized bank shall notify the enterprises not later than on the following working day (in accordance with the Bank of Russia form – see Annex No. 1) with an abstract from the transit monetary account attached.

11. After hard currency payments have been made to the enterprise, the latter shall issue an order to authorized banks for the mandatory sale of 40 percent of the net hard currency revenues (less the cost of shipping, insurance and forwarding) to the Republican Hard Currency Reserve of the Russian Federation, the hard currency funds of the republics, territories and areas within the Russian Federation.

12. The payer shall use his transit account with the authorized bank to pay the cost of shipping, insurance and international forwarding of freight.

13. Three times a month (every ten days), on the order of their clients, authorized banks shall remit, from their transit hard currency accounts, part of the net hard currency earnings to be sold on a mandatory basis to the Foreign Trade Bank of the Russian Federation or other banks authorized by republican and local governing bodies to hold the accounts of the hard currency funds of the republics, territories and areas within the Russian Federation.

If the enterprise fails to serve a payment order within 14 days after the bank has notified the enterprise of the receipt of hard currency, authorized banks shall remit 40 percent of the gross hard currency earnings to the Republican Hard Currency Reserve of the Russian Federation and the hard currency funds of the republics, territories and areas within the Russian Federation. A refund will be given only after the enterprise has remitted the payment order.

14. Authorized banks shall remit part of the net hard currency earnings to the Foreign Trade Bank of the Russian Federation or other banks authorized by republican and local governing bodies to hold the accounts of corresponding hard currency funds, to the accounts of the Republican Hard Currency Reserve of the Russian Federation and the hard currency funds of the republics, territories and areas within the Russian Federation.

The assets of the Republican Hard Currency Reserve of the Russian Federation shall be kept in special balance account No. 7413 at the Foreign Trade Bank of the Russian Federation.

15. For the purpose of inter-bank settlements involved in the mandatory sale of part of hard currency earnings to the Republican Hard Currency Reserve of the Russian Federation, authorized banks shall open correspondence accounts with the Foreign Trade Bank of the Russian Federation. The procedure for such settlements shall be determined by corresponding agreements.

16. When part of the net hard currency earnings is remitted to the Republican Hard Currency Reserve of the Russian Federation, the enterprise shall, together with an order to transmit hard currency, present to the authorized bank a payment request marked "for the sale of 40 percent of export hard currency earnings" to the Ministry of Economy and Finance of the Russian Federation to write off account No. 85125130, opened with the Bank of Russia, MFO 191027 and deposit into the current account of the enterprise the ruble equivalent of the hard currency remitted at the special commercial exchange rate of the ruble of the Bank of Russia.

17. When up to 2 percent of the net hard currency earnings is remitted to the hard currency funds of the republics, territories and areas within the Russian Federation, enterprises shall, together with an order to remit hard currency, present to the authorized bank a payment order marked "for the sale of two percent of export hard currency earnings" to appropriate local administration bodies to clear them from their accounts and enter into the current account of the enterprise the ruble equivalent of remitted hard currency at the special commercial rate of the ruble of the Bank of Russia.

III. Procedures for Mandatory Sale of Hard Currency by Enterprises for Setting up the Stabilization Hard Currency Fund of the Bank of Russia

18. Enterprises shall sell 10 percent of their net hard currency earnings to the Bank of Russia for setting up the stabilization hard currency fund and remit the remaining hard currency earnings to the enterprise's hard currency fund. The ruble equivalent of the hard currency remitted to the stabilization hard currency fund of

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the Bank of Russia shall be entered into the account of the enterprise at the market rate of the ruble fixed by the Bank of Russia and valid at the time hard currency was received on the accounts of authorized banks.

19. All enterprises, irrespective of their form of ownership, registered on the territory of the Russian Federation, shall sell hard currency for setting up the stabilization hard currency fund of the Bank of Russia. Among them shall be enterprises fully owned by foreign investors, joint ventures, irrespective of whether they conduct business independently or through intermediaries and character of the deals, including the marketing of goods and services on the territory of the Russian Federation for hard currency, with the exception of hard currency receipts specified in item 8 (c), and in other cases stipulated by existing laws.

20. Enterprises and banks shall sell hard currency for setting up the stabilization hard currency fund of the Bank of Russia in accordance with the procedure set forth in Item 1.

21. Enterprises and banks shall remit 10 percent of their net hard currency earnings for setting up the stabilization hard currency fund of the Bank of Russia, whose assets will be kept on special balance account No. 7414 at the Foreign Trade Bank of the Rusisan Federation.

22. If an enterprise remits 10 percent of hard currency earnings for setting up the stabilization hard currency fund of the Bank of Russia, it shall submit to the authorized bank, together with the remittance order, a payment order marked "for the sale of 10 percent of export hard currency earnings" to the Bank of Rusisa for the ruble equivalent of the remitted hard currency at the rate of the ruble fixed by the Bank of Russia to be written off account No. 904, opened at the Bank of Russia offices in the location of the correspondence account of the authorized bank of the exporter enterprise, and entered into the current account of the enterprise. The remaining funds in the account shall be daily remitted to the Bank of Russia, MFO 191027.

IV. Reports and Enforcement

23. Authorized banks shall, not later than on the 25th of every month, following the report month, submit to the Bank of Russia and the Foreign Trade Bank of the Russian Federation data on the total volume of hard currency receipts (in accordance with the Bank of Russia form – see Annex No. 2) stating the sum remitted to the Republican Hard Currency Reserve of the Russian Federation, the hard currency funds of the republics, territories and areas within the Russian Federation, and the stabilization hard currency fund of the Bank of Russia.

24. Enterprises shall be held liable for timely and full remittance of assets to the Republican Hard Currency Reserve of the Russian Federation, the hard currency funds of the republics, territories and areas within the Russian Federation. the hard currency funds of the republics, territories and areas within the Russian Federation, and the stabilization hard currency fund of the Bank of Russia.

In the event of violation of the outlined provisions, including concealment of hard currency earnings from mandatory sale, or failure to remit in full, the Hard Currency Inspection, under the Russian government, may:

– deprive the enterprise of licences for the export and import of goods (or services);

– petition the Bank of Russia to withdraw from authorized banks licences to conduct hard currency operations;

– irrevocably claim the arrears on remittances of hard currency to appropriate hard currency funds, and, in the absence of the requisite hard currency assets, the ruble equivalent of the total arrears at the market rate fixed by the Bank of Russia;

– impose fines as determined by the Hard Currency Council of the Russian Federation.

25. Authorized banks shall monitor timely and full remittance of assets to the Republican Hard Currency Reserve of the Russian Federation, the hard currency funds of the republics, territories and areas within the Russian Federation and the stabilization hard currency fund of the Bank of Russia.

26. The Hard Currency Inspection, under the Russian government, working in conjunction with the Bank of Russia, shall make spot checks of authorized banks and enterprises to establish correct and timely settlement towards mandatory sale of hard currency to the Republican Hard Currency Reserve of the Russian Federation, the hard currency funds of republics, territories and areas within the Russian Federation and the stabilization hard currency fund of the Bank of Russia.

27. Should violations of the outlined provisions be revealed, including delays in the mandatory sale of hard currency, the Bank of Russia can:

– suspend or withdraw the licence to conduct hard currency operations from the authorized bank;

– confiscate irrevocably the equivalent of arrears of the authorized bank on remittances of hard currency to corresponding exchange funds and impose fines in hard currency at the London inter-bank offered rate for one month, plus four percent per annum for every day of delay, and, in the absence of the required hard currency assets, the ruble equivalent of the arrears at the market rate fixed by the Bank of Russia.

President of the Central Bank
of the Russian Federation
G. Matyukhin

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Trade and industrial bridge

Yantar (Amber) Free Economic Zone is open for cooperation

The Kaliningrad region, recently a closed Russian enclave of the Baltic states, finds itself in a position to become a major regional international trade and business center, says Andrei Glazov, director of the Moscow branch of the Baltic Interregional Universal Exchange Alliance. According to Glazov, the opening of the exchange on August 6, 1991 was but the region's first step towards the revival of the traditions of the famous Hanseatic League. This was made possible by the government's decision to name the enclave a free economic zone. The zone was named Yantar (Amber) because it claims 84% of the world production of the semi-precious stones. Yet the zone boasts of other assets in addition to amber. It is Russia's only Baltic port which does not freeze in the winter; it has an airport, a highway system, railroads, a fishery base, oil industry, assorted industries from engineering to electronics and resort centers. The area is poised to find the world recognition. The region also enjoys close ties with the CIS countries, the Baltics, and Poland (crossing into Poland from the Kaliningrad region does not require visa). The zone's huge commercial potential can be illustrated by the fact that, in just four months, the volume of trading on the exchange Alliance exceeded 1 bn. rubles. Apart from the Alliance, operating now in the zone are a Kaliningrad Commodities and Stock Exchange, around 30 commercial banks and nearly 2000 small and medium-size enterprises, of which one third is in private hands. Last December the Alliance, hoping to capitalize on the region's rich opportunities, established a regional investment company named RIFKA, with a chartered capital of 1 bn. rubles.

RIFKA seeks to pool capitals to fuel dynamic development of the free economic zone and catalyze foreign economic activities, says Alexander Nikitin, chief of the RIFKA Moscow office. RIFKA was founded by 26 commercial and state-owned organizations, including the Alliance and the Russian Commodities and Raw Materials Exchange. An investment council, including members of the Kaliningrad administration and chiefs of major Russian financial institutions including the MENATEP, Credobank and Incombank has begun to operate in the region. The council coordinates the Yantar development programs and guarantees investments (there are plans to bring them to 15 bn. rubles). RIFKA now has more than 20,000 shareholders. A share has a nominal price of 10,000 to 50,000 rubles or 200 to 1000 USD, but commands far higher prices on the free market. RIFKA assigns top priority to attracting large foreign investments, emphasized Nikitin. "We plan to attract at least 100 mn. US dollars in investments during the next two years, and have already collected 10 mn," he states. RIFKA is cooperating with Austrian and Polish businesspeople and is engaged in talks with German and Hungarian companies. The Swedes and the Americans are showing a good deal of interest too. The Alliance exchange has traded one broker seat with the New York Stock Exchange. Programs for the upgrading of the port and transport, warehouses and energy infrastructures are likely investments. Industry, wholesale and retail trade establishments, services, the tourist and hotel industry, fishery and fish processing should attract investments as well. Foreign business may also see opportunities in the beginning of defense conversion in the region and oil production and processing. An agreement has been signed with a FEZ in the Altai. These developments are transforming the enclave into a trade and industrial bridge spanning Asia and Western Europe. A foreign investor can hope for customs tariff benefits and income tax breaks in the Yantar zone. Already the region independently licenses its exports. The Russian government is considering proposals to offer bigger incentives to foreign businesses.

Foreign companies are welcome

The city of Kaliningrad

In accordance with the Statute on the Free Economic Zone in Kaliningrad Region (FEZ Yantar) and in order to replenish the consumer market, Head of the Administration resolves:

1. To approve regulations for operations of foreign companies within FEZ Yantar.

2. Authorized banks having appropriate licenses, residing and located within FEZ Yantar, and the territorial customs authority shall be guided in their operations relating to foreign companies by the procedure for trade operations within FEZ Yantar approved as in para 1 above.

3. The Committee on Development of FEZ Yantar (Mr.Chmykhov) is instructed to establish an additional unit for the licensing and monitoring of trade operations of foreign companies through state and state/cooperative distribution systems and banks.

A chance not to be missed

In accordance with the approved Statutes of the free economic zone in Kaliningrad Region (FEZ Yantar), the Zone Development Committee is commencing registration of FEZ Yantar residents.

Information obtained by registration will be used to compile a registry of enterprises with foreign investments, their subsidiaries and offices. A data bank will prove useful for advertising and those seeking partners, and will be developed to help ensure the success for the zone's residents. Enterprises and businessmen thus registered will in the future be subject to a differentiated system of tax and customs benefits envisaged in the FEZ Yantar Statutes.

Accordingly the profit tax for residents shall not exceed 30 percent during the initial five years of operation. That for residents with foreign investments will total 30 and more percent, and residents exporting at least 30 percent of their products will not pay more than 16 percent, excluding the repatriated profits. The residents will be entitled to other benefits as well, with the levels to be determined on a case-by-case basis in accordance with the existing procedures for the allocation of tax benefits.

The following documents should be submitted for registration by all residents under para 2 of the Statute of Residents of the Kaliningrad Free Economic Zone (FEZ Yantar): a written application conforming to established form; the original and a copy of the state registration (or re-registration) certificate issued by the city or district Council of People's Deputies, or, in the case of previously registered enterprises with foreign investments, the USSR Ministry of Finance; the original and a copy of the enterprise's Charter, and the decision on its establishment or agreement of the founders; a stamped copy of the bank receipt confirming payment of the registration and services fee; an advertising leaflet conforming to the established standards (at the resident's discretion).

Enterprises established within FEZ Yantar with foreign participation of up to 75 million rubles, as well as subsidiaries, branches and offices of enterprises with foreign investment established within FEZ Yantar will be registered by the FEZ Yantar Development Committee. The registration procedure has been approved by decision 37 of the Administration of Kaliningrad Region of November 25, 1991.

The following documents are required for the registration of enterprises with foreign investments (constituting legal entities):

For joint ventures with a share of foreign investors:

two copies of written application conforming to established form; the original of the agreement on the establishment of the

venture, as well as two notarized copies thereof, the original of the enterprise's Charter and two notarized copies thereof; brief information on the purposes and operations of the joint venture; findings of expert boards, if so required by law.

For Soviet legal entities: notarized copies of the proprietor's decision to establish an enterprise, or copies of the decision of a body authorized by it, proof of solvency; notarized copies of the constituent documents for each Soviet legal entity co-founding the joint venture.

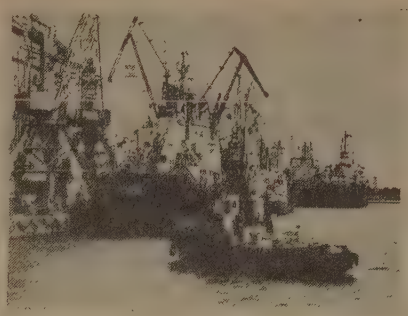
For foreign partners: an extract from the trade register of the country of origin, or other equivalent proof of the juridical status of the foreign investor in conformity with laws of the country of its location; citizenship or permanent residency (with notarized translation into Russian); proof of solvency of the foreign investor issued by an investor's bank or other credit/financial establishment (with notarized translation into Russian); a stamped copy of a bank receipt certifying the payment of registration fees.

For enterprises wholly owned by foreign parties: two copies of written application conforming to established form; the original of the agreement on the establishment of the enterprise (or the decision on the establishment of the enterprise if there is only one founder), as well as two notarized copies thereof; the original of the enterprise's Charter, if such Charter is envisaged for this particular form of enterprise, and two notarized copies thereof; findings of expert boards, if so required by law; document certifying ownership of the property contributed to the authorized capital; an extract from the trade register of the country of origin for the foreign investor (with otarized translation into Russian); proof of solvency of the foreign investor issued by an investors' bank or other credit/financial establishment (with notarized translation into Russian); a stamped copy of bank receipt certifying the payment of registration fees.

For the registration of subsidiaries of enterprises with foreign investments (not constituting legal entities); a written application of the manager of the enterprise setting up the subsidiary conforming to established form (two copies); notarized extracts from the decision of a competent management body of the enterprise on the establaishment of the subsidiary; the statute of the subsidiary/office (the original and two notarized copies); notarized copies of the constituent documents of the joint venture establishing the subsidiary/office (one copy of each); findings of appropriate expert boards, if so required by law; a stamped copy of a bank receipt certifying the payment of registration fees.

The registration of residents of FEZ Yantar is carried out by the information and registration section (1, Dmitry Donskoy St., 3rd floor). There you can obtain the necessary forms and explanations on matters related to the registration of enterprises and businessmen. Briefings on the registration of residents and enterprises with foreign participation will be held daily from 3 p.m. to 5 p.m. on weekdays. Registration documents of enterprises with foreign participation will be accepted daily from 10 a.m. to 12 at noon.

The registration of resident enterprises and businessmen with no foreign partnership begins on December 9, 1991.



Kaliningrad port to be privatized

Workers at the sea trading port of Kaliningrad, western Russia's largest port city, plan to privatize the port facilities. They have applied to the Russian Federation's Sea Transport Department for authorization to turn the public property into a joint-stock company. The stevedores hope to privatize 1/4 of the facility's book value gratuitously, and buy another 26% of the stock at preferential rates. Over the last year, while acting as leaseholders of the port facilities, they earned enough to buy the stock. The remainder of the stock will be put up for open sale.

With 16 wharfs, powerful cranes, and extensive warehouse facilities, the sea trading port can handle any cargo. This year, it plans to commission a new complex and container terminal which will complete the reconstruction of the port, giving it the capacity to handle a 4 mln. metric ton flow of commodities. This year, the port is open to foreign ships. The port staff is among the founders of the recently-established regional investment financial company Alliance, and the privatization of the port facilities will allow them to contribute their fixed assets to the company on a legitimate basis.

Businessmen's interests defended

A regional association, "Businessmen of Western Russia" has been created in Kaliningrad at the suggestion of the Development Council of the Yantar Free Economic Zone.

At its founding conference, the new association announced its intentions to coordinate efforts to create a market economy, take part in the development and expert evaluation of economic projects and programs, provide assistance to businessmen, and represent their interests before the authorities.

Mr Kubanov, Chairman of the Board of Investbank, was elected chairman of the association.

The fleet which scares investors off

Dmitry Volsky

The Odessa talks between Russia and Ukraine show that the dispute over the Black Sea Fleet can be settled by diplomatic means, in the interests of both former "fraternal republics." But Western powers are also interested in a favourable outcome of the dispute, for the matter concerns a strategic fleet. True, the Fleet is now based mainly in the Black Sea. A short time ago, however, nearly 400 of its guided missile cruisers, submarines and other ships ploughed the world's oceans, not to mention the Mediterranean, where they played dangerous games with the US Sixth Fleet. Any conflict in the Mediterranean – a new Arab-Israeli clash, an American air raid on Libya or a Turkish landing on Cyprus – threatened then to escalate into a world war.

Thank God, those times are over now. But what lies ahead? Stability at the juncture of Europe and Asia, the Christian and Moslem worlds, where fierce clashes are not abating from Sarajevo to Stepanakert, depends to a large extent on how the dispute over the Black Sea Fleet will be resolved. Moreover, the integration of Russia and Ukraine into the free world is at stake. The free world finds it hard to understand why the two states are running the risk of a conflict.

Here is what the London *Daily Telegraph* wrote in April: "Seen from the West, the quarrel is ridiculous. Here are two states, their economies reeling from decades of Communist rule, seeking control of a fleet which neither can properly afford to maintain... There is no harm in reminding Moscow and Kiev that their mutual hostility hardly creates a climate attractive to foreign aid and investment."

That is so indeed. It may be asked, however, whether the creation of such a climate depends only on Moscow and Kiev. Is it justified for the West to remain an onlooker, watching the quarrel between the two Slav giants with a condescending surprise, such as manifested by the *Daily Telegraph*? For Western powers can do a great deal to help smooth the matter out.

No one can, of course, impose anything on Ukraine or Russia. But recommendations, especially those based on their own practical experience, can prove useful. The status of the Anglo-American base on Diego Garcia or the use of Italian and Israeli ports by the US Sixth Fleet can be recalled here. Some experts in the Bundestag, for instance, advise using the Helsinki process mechanism for solving the problem of the Black Sea Fleet. In their opinion, observers from the bodies set up by the follow-up meetings of the Helsinki Conference could even go to Odessa or Sevastopol to help draw up and fulfil mutually acceptable decisions.

It seems, nevertheless, that these bodies are too amorphous for this purpose, the more so that they have always stood aside from Black Sea problems. This is not surprising because in the past the Black Sea, being part of NATO's southern flank, was an arena of confrontation rather than cooperation. The Black Sea continues to remain part of NATO's southern flank, and hardly anything has changed in this respect.

But there is another change. Together with East European countries, Russia and Ukraine have joined the consultative organization of North Atlantic Cooperation Council. Their high-placed officials even took part in a recent meeting of NATO defence ministers in Brussels. US Defence Secretary Cheney called for encouraging a creative approach to common work.

But how? It is worth considering what a noted German political scientist, Michael Stürmer, writes in the Paris newspaper *Le Monde*, as if expressing an all-European point of view: "The transition of the Soviet empire to a new, post-Soviet order can be effected peacefully only if the West takes an active part in the transformation of the East. The West should avert the play of nationalist egoisms. Together with European integration, participation in NATO when it concerns military matters, can be an effective means for this purpose."

Ultra-patriots in Russia or former partocrats in Ukraine, who continue to play a leading part there, would probably react to the mention of NATO's role as a laboratory rat reacts to an electric shock. Moreover, far from all in the West are hurrying to open the doors of this organization, especially to Russia. Some are still unable to get rid of old syndromes, talking about the threat of a revival of Russian imperialism and advising to counterpose to it Eastern Europe as well as the Baltic states and, what is important, Ukraine with its potential military capability.

It should be said right out that these fears are absolutely groundless. But since they exist it can be said that the current reforms in Russia are a guarantee against a revival of Russian imperialism. Unfortunately, radical changes are not taking place in Ukraine. Unlike Russia, *The Washington Times* stresses, that country is not carrying out economic reforms rapidly enough to receive aid under the complex programme of the International Monetary Fund.

Thus, we have returned to the question of foreign aid and investment. The influential businessmen in the West on whom aid and investment depend can hardly be likened to sea-gulls which take flight at the slightest breeze. However, one can understand their interest in a quiet atmosphere, favourable for reforms, in the members of the Commonwealth of Independent States. For the creation of such an atmosphere they can combine military-political instruments, like NATO, with economic mechanisms, like the International Monetary Fund and the World Bank. It is most important that this set of means should be used for quickly drawing the former Soviet republics into the free world. Only Yeltsin-led Russia can be the locomotive of this process. Without taking this circumstance into account it would also be difficult to find the key to the West's position on the question of the Black Sea Fleet.

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Entangled in inner-party feuds

Political prisoners in Afghanistan are faced with an alternative: either they will be left to rot in jail by their Party comrades, or shot by the enemies of the Party

The April revolution ended in April

The ruling People's Democratic Party of Afghanistan (PDPA), renamed the Fatherland Party in 1990, consists of two factions: Khalq (people) and Parcham (banner). Ideologically, they are so close to each other that far from all Afghans know the real difference between them. Some think that it lies in the national composition of the factions. Others think that Khalq has advocated a people's democratic revolution and Parcham a national-democratic. At the same time both factions consider themselves Marxist. However, this did not prevent them from bitterly quarrelling with each other. It so happened that while one faction was persecuted and its members were thrown into prison, the other faction ruled the country.

After the PDPA came to power in April 1978, the Khalqists gained the upper hand in the inner-party struggle. The Parchamists had a bad time of it. Many of them were shot and hundreds, if not thousands, flung into prison as "enemies of the nation."

The Soviet troops, which invaded Afghanistan at the end of 1979, brought Parcham into the seat of power. The time came to execute Khalqists and throw them into prison as "enemies of the nation." And they are still kept in prison. Babrak Karmal energetically began to "dismantle the dictatorship of usurper Hafizullah Amin," former Marxist leader of Afghanistan. He demanded that Amin's cousin Asadullah, who was undergoing medical treatment in the Soviet Union, and Amin's bodyguard Wazir should be extradited. They were executed together with a number of ministers and other leaders of Khalq.

It is well known how the USSR strengthened its positions in Afghanistan at the time. Nevertheless, I shall cite one typical example of how our advisers acted there. I have in mind the revolt of General Tanai in March 1990.

President Najibullah, who was also leader of the PDPA, decided to show that the Party led by him was democratic, and appointed Gen. Tanai, a Khalqist, to the post of defence minister. The young general could not remain an onlooker watching constant repressions against members of the Khalq faction. At the end of 1989, when Khalqists, including generals, were arrested again, Tanai revolted. On his insistence, Gen. Khalim Jan, a Khalqist, was released from prison. But it turned out that, as a result of tortures, the general became mentally deranged.

The Soviet ambassador to Afghanistan tried to settle the affair with the help of vodka, the only means accessible to him. During a "heart-to-heart talk" at the Soviet embassy Tanai got so drunk that his pistol was taken from him and hidden, to be on the safe side.

In the meantime, an open trial of the arrested Khalqists began in Kabul with the aim of proving their connections with Pakistan. At the first sitting of the court, however, the charges were upset by an old shopkeeper, who began to give the names of high Party leaders in the most undesirable context. The court then sat behind closed doors and became a frame-up trial. The patience of the Khalqists was exhausted. Gen. Tanai led a mutiny, which was crushed in a night, not without the assistance of Soviet military advisers.

The Soviet ambassador said the main cause of the mutiny was not the difference of opinions between the Khalqists and the Parchamists, but the "exorbitant ambition" of Gen. Tanai and his other demerits. The distorted information was needed to support the version that thanks to Soviet advisers, the inner differences in the PDPA had been reduced to a minimum, if not removed.

It is to Moscow's credit that it refused to extradite to Najibullah those Khalqists who were in the USSR at the time, because death penalty awaited them at home. Among them was Gulabzoi, former Afghan ambassador to the USSR, who was also named as a conspirator in spite of his long absence in Kabul. Another former Afghan ambassador to the USSR, M. Safi, who was awarded the Order of Friendship of Peoples, was not so lucky. His family was staying in Moscow, while he was in prison at home.

Moscow kept silent when, in the late 1970s, Amnesty International started a campaign for the release of political prisoners from among the present leaders of the Kabul regime. It also kept silent when, later on, Amnesty International spoke out for the liberation of thousands of members of the Afghan opposition, victims of a revenge in the inner-party struggle.

There is no information yet that the Fatherland Party, which renounced Najibullah, has cancelled repressive measures against the political opposition. Would the opposition members be executed by the Islamic regime, if it came to power, their death would be on the conscience of the present Afghan leaders and those Soviet leaders who ruled the destinies of that country.

Oleg Antonov

Moscow's two policies: playing a double game

In the last two and a half years something has always hindered Russian-Afghan relations

Ahmad Shah Massud and Gulbeddin Hekmatiyar. They jointly came out against Najibullah. Now that the Kabul leaders have been overthrown, a scramble for power is possible between them

In October 1990 a parliamentary delegation of Afghanistan led by Mahmoud Habibi, Chairman of the upper chamber of the Parliament, arrived in Moscow on an official visit. On the same day Mahmoud Habibi had to meet with Boris Yeltsin, then Chairman of the Russian Parliament, Yeltsin met with a road accident.

Foreign ministers Abdul Waqil and Andrei Kozyrev tried to meet several times. But either Waqil was late and arrived in Moscow when Kozyrev had gone on another trip or Kozyrev went on another trip earlier.

It was pointed out in the Russian Parliament in 1990 that it was time for the Soviet Union to stop giving free aid, especially military, to the neighbouring state. Preparing for the transition from free aid to mutually advantageous cooperation, in May 1991 Russia and Afghanistan signed agreements on trade and economic cooperation and a protocol on the formation of a Russia-Afghan trade and economic association, and agreed to set up a joint-stock bank. It was supposed that settlements between the two countries would be made in dollars.

But during his autumn's visit to Moscow Afghan Premier Khaleqyar put foward substantiated claims to the Soviet and Russian officials. In 1991 the Soviet Union had to render Afghanistan aid worth 110,000 rubles (80 percent directly to Kabul and the rest through the United Nations). However, only a quarter of the sum was paid. A similar situation arose in trade partnership.

Premier Khaliqyar noted that Afghanistan often delivered goods and received nothing for them – neither real nor clearing dollars. It should be mentioned that the Afghan side was especialy dissatisfied with the activity of the Russia – based Vozrozhdenie (rebirth) Fund which was launched by Alexader Rutskoi. Afghanistan recovered its expenses only thanks to direct ties between enterprises of Russian and Afghan privately-owned companies. In two years those ties became wider and stronger.

In 1990 and 1991 Russia condemned the Union for the invasion of Afghanistan, for the encouragement of the fratricidal war, and the orientation only to Kabul. Kabul felt hurt a little, but did not react to these statements very painfully because the Union government continued to hold priority. It became worse when the USSR and the United States agreed to stop, from 1992 foward, military supplies to both warring sides in Afghanistan. But even then Najibullah put a good face on the matter. He welcomed the agreement insistently stressing it would be good if other countries as well – say, Iran, Saudi Arabia, not to mention Pakistan – also halted military aid to the mujahedin. This was followed by a breakup of the USSR. A vacuum appeared in Russia's foreign policy towards Afghanistan. The much publicized trips of Vice-President Rutskoi to Iran, Pakistan and Afghanistan and his talks with a delegation of mujahedin in Moscow did not save the situation. His peace-keeping efforts offered vague prospects of the formation of a Russian-mujahedin mixed commission or a joint commission of Afghanistan, Russia and Central Asian republics of the former USSR.

During talks with Premier Khaleqyar Vice-President Rutskoi proposed holding a conference on the Afghan question with the participation of Russia, Afghanistan and Pakistan.. Immediately after these talks Rutskoi told journalists that such a conference could be held with the participation of Russia, Pakistan and Iran. Khaleqyar retained oriental coolness to conceal his great surprise at the moment. In December 1991 and January 1992 Russia tried to conduct two separate policies – one for the mujahedin and the other for Najibullah.

The mujahedin were told that Moscow was prepared to accept their terms and recognize an Islamic government should it be formed. Najibullah was assured that Moscow would remain loyal to the agreements reached earlier and to traditional friendship between the Afghan and Russian peoples.

Probably as a result of these noisy but almost meaningless efforts Russia has been unable to formulate – jointly with Uzbekistan, Tajikistan and Turkmenia – a common policy towards Afghanistan.

Irina Lagunina

NT reference

20 billion dollars and a million human lives

The damage caused to Afghanistan by the 13-year war is estimated at 20 billion dollars. According to Afghan professor Ghani Gausi who reads lectures at Hamburg University, these losses are distributed in the following way:

agriculture–2.8 billion dollars;
industry–274 million dollars;
power industry–350 million dollars;
communications–6 billion dollars;
housing stock in towns and villages–3.4 billion dollars;
schools and hospitals–252 million dollars.

As a result of the war over a million Afghans have been killed, five to six million have emigrated, and two million have become refugees within the country.

Great damage has been done to the cultural and historical wealth of the country which has either been destroyed or taken out to the former Soviet Union.

How a Captain became a Generalissimo

"Thank you, papa Kim Il Sung, for giving us this delicious food," say North Korean children before a meal

"The Great Leader, Comrade Kim Il Sung, ordered to prepare 50 packets with meat concentrate and personally wrote on each the name of each of the 50 members of the guerrilla regiment"
From the book Immortal Revolutionary Traditions (PDRK)

The preparations for the "biggest holiday of all mankind," the 80th birthday of the "great leader" Kim Il Sung, began, as is the custom in such situations, long before the 15th of April ceremony. For a month marathon runners – from internal security agents to schoolchildren – in turn ran through all cities and provinces of the People's Democratic Republic of Korea. They passed on to one another the "letters of loyalty" to Kim Il Sung. Dozens of new plants were completed and started operating, new grandiose monuments were erected, and new odes composed. One song resounded over the country with many variations: "Our dear father – invincible, iron commander – Kim Il Sung! We are sending our hearty greetings to you. We live brothers and do not envy anybody."

The leader, in his turn, had to answer this show of the people's love for him some way. Therefore on the eve of the "red letter day" on the calendar, the secret service went around the country looking for unusual events.

In the village of Hangpho there occurred an event of concern to everyone in the country: an old woman, Song Jung Sun, would have her 100th birthday. Of course, the leader heard about this. And he ordered food fit for a king cover the table on his behalf and on behalf of another "dear leader," his oldest son Kim Jong Il. The table was bending under weight of all the delicacies and expensive gifts. The old woman couldn't praise the "great leader" and the "dear leader" enough. Full of emotion, she declared: "Only the infinitely good policy of the leader gave me the strength to live so long." The old woman sobbed. And those present sobbed.

Not everyone in North Korea is as lucky as the old woman in Hangpho. Even necessities are in short supply. But from birth until death a North Korean must follow the rules of the game which the "great leader" and the "dear leader" thought up. Before a meal the children must say the magic phrase: "Thank you, papa Kim Il Sung, for giving us this delicious food."

"Sanitation checks"

Following are some milestones in the life of the "generous sun of the nation." He was born in the village of Mangyongdae near Pyongyang into the family of a poor peasant. All his relatives – from tots to the big folk – were revolutionaries with many years of fighting behind them. The future leader, even while still a schoolboy, joined an underground Komsomol organization. Then he organized a guerrilla regiment on the territory of Manchuria in China. Thanks to the remarkable military talent of the commander, their attacks terrified the Japanese conquerors. Therefore it's not surpris-

ıg that after the People's Democratic Republic of Korea was formed in 1948, Kim Il Sung became the first and unchangeable President of the republic. His last title, Generalissimo, was conferred on him by the CC of the Korean Workers' Party on the eve of the jubilee.

It is possible that the North Koreans themselves have a different opinion about the leader than that of the officials in Pyongyang, but only a nut would say it aloud.

A mother and father could be betrayed by their children: the lessons at school begin by each child telling the teachers about the conversations at home. The apartments are bugged. One scholar from Pyongyang once permitted himself to criticize the juche policy. Within half an hour he was arrested.

Each month, the secret service conducts the so-called "sanitation checks," or simply — they search the apartments. There is a special system of informing in houses. One man answers for each 20 apartments.

The prisons in North Korea take up 7 percent of the territory of the republic. 250 thousand soldiers and no less secret service agents preserve the peace and peaceful labour of 21 million Koreans.

A biography in four notebooks

The "great leader" got a lot of presents for his 80th birthday. But the most unexpected was presented by his former tutor, the 80-year-old inhabitant of Alma Ata, Pyotr Alexandrovich Park. He has been silent for 40 years and only now spoke up.

In 1946, the 34-year-old teacher of Marxism-Leninism from the Kazakh capital was given a special assignment. He had to go to Pyongyang and give his peer, Kim Il Sung, "lessons in ideology." Park Il remembers how the future "great leader" was not very educated and didn't even speak Korean well: "It was even difficult to say whether he was Korean or Chinese."

When the course on Marxism was completed and Kim Il Sung displayed impressive knowledge of the subject, his tutor was summoned by Soviet Major General Lebedev, who had commissioned the "upbringing of the leader": "You are to write the official biography of Kim Il Sung." After seven months of hard work there were four thick notebooks of text.

"Nothing could be as far from the truth as this biography," says Park Il.

According to Park Il, Kim Il Sung landed in the USSR in the winter of 1942, having crossed the Soviet-Chinese border near the village of Vyatka (70 kilometres from Khabarovsk) with a group of guerrillas. In 1945, wearing the insignia of a captain in the Soviet Army, Kim appeared in Pyongyang, already as a participant in the grandiose game begun by Stalin. The tutor was summoned to Moscow in 1948 and told to "hold his tongue."

A whole group of specialists and instructors (around 400) from among the Korean population of the USSR arrived in Pyongyang as replacements for the first tutor. But as soon as Kim Il Sung stabilized the base of his personal rule and didn't need the foreign advisers, he immediately arranged for those who had helped him get in power to be persecuted.

But this wasn't the final victory in the fight for one-man rule. In the beginning of the 1950s, the mass purges of the "internal enemies" began. Some perished under mysterious circumstances, others disappeared without a trace. All this, by the way, on the pretext of fighting "anti-Soviet conspiracy."

Immortal

The Korean war and the presence of Chinese volunteers strengthened the personal power of Kim Il Sung. All was written off to the war. During the overall purges 17 of the 22 members of the first Cabinet of Ministers were executed. 450 thousand members of the Korean Workers' Party, which was three fourths of the total number of Communists at that time, were excluded from the party and later killed.

The Constitution of 1972 dotted all the "i"s and crossed all the "t"s in finalizing the legal transfer of all power into the hands of one person. But even all this could not satisfy Kim Il Sung. At the end of the 1970s a new purge was begun in the country. Five members of the Politburo, one deputy to the Commander-in-Chief of the Korean People's Army and two Vice-Prime Ministers were executed.

"I'll carry on my activity for another 4 to 5 years. I'll only retire after I have made the life of my people even better," said Kim Il Sung recently.

Ivan Shomov

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Private life of French diplomats in Moscow

French diplomats find it interesting, prestigious and promising to work at the Embassy in Moscow. It is a good chance for career diplomats, that is, those for whom diplomacy is a profession, not just a temporary assignment, to climb the ladder in the Ministry of Foreign Affairs. They also say that the French come to Moscow in search of the exotic and romantic. But it turns out that they can also earn a lot in Moscow, since this is considered a hardship country and they are paid more.

And to stoically put up with inconveniences is a colonial habit of the French. Unlike the English, who try to create conditions abroad as much like a London club as possible, the French when abroad try, if not to assimilate, then at least to maximally approach the life of the natives.

But that doesn't prevent the French diplomats from expressing their displeasure with the tight quarters of Moscow apartments, the high prices in hard currency restaurants (even by Paris standards), the lack of goods in the hard currency stores, the bad hotels and roads, and unreliable transportation.

But the French diplomats least of all correspond to the widespread Russian image of the French as people who are frivolous, scatter brained, who love amorous affairs, jokes and games, and who like to give lavish parties and freely betake of alcohol.

A high up official in the Russian Ministry of Foreign Affairs telling of the merits of the French diplomatic school noted the great reserve and even aloofness of the French. He was also struck by how careful and calculating they were, by their emphasized feeling of self-respect and willingly demonstrated high intellect.

Thanks to these qualities and the great amount of work in Moscow the male diplomats more or less painlessly cope with the everyday inconveniences. Their wives have a harder time. All is well if her profession is such that she can teach at the school in the Embassy. The wife of the director of the French Cultural Centre, Claude Crouail, a physicist, refused to come with her husband to Moscow a second time after spending almost seven years here before.

There isn't anywhere to have a good time in Moscow, or your conscience won't let you. Nevertheless, diplomats find working in Moscow interesting

Nevertheless, for a trip to Moscow French diplomats are ready to sacrifice a peaceful and easy post in Brussels, Bonn, or Paris. The Embassy's press attaché, Serge Smessou, explained this with the meaningful phrase: "In Paris they read everything we write from Moscow..." The sense of significance and participation in history feeds ambition.

He was flying to Alma Ata, but landed in Aktyubinsk

Serge Smessou came to Moscow three years ago, as he says, "out of curiosity." He had already been to Russia, at the beginning of the 1970s. At that time he was a graduate student on sabbatical at the Leningrad University studying philology. He left the city on the Neva with the premonition that he would return to Russia, though he never hoped to see "normal life" here.

The post-socialist society here now can hardly be seen as normal, but Serge Smessou agrees that after the downfall of the Soviet Union the life of the diplomats here has become "more fun."

Recently, in making preparations for the visit of the French Minister of Foreign Affairs to Kazakhstan, Serge Smessou set out for Alma Ata. But instead of landing in the "apple capital," the plane came down in Aktyubinsk where the Frenchman had to try to guess

The French Ambassador moved into the house on Dimitrov Street in February 1991. Bertrand Dufourcq is a talented musician and great admirer of art

the plane would fly on and where to. : was lucky: he managed to get on a ıne going to Dzhambul, and from there made it to Alma Ata. He succeeded anks to friends, his ability to speak ıssian and experience in travelling ound the former Soviet Union.

In spite of the adventure Serge Smesu finds everyday life in Moscow boring d monotonous. Therefore in his free ne he travels around the country. He's most the only French diplomat who has

Drawing by Alexander Zudin

ēn to all the 15 republics in the former SSR. He and his wife have been to imir, gone on horseback in the foothills Mt. Elbrus, skied on the frozen Lena iver, and been on a boat trip around ake Baikal. More than anything else he taken by the "unity in the variety": the leidoscope of different cultures of the ietime whole country and the Russian nguage which "sounds different erywhere."

Another interest of Serge Smessou is ıotography. He comes home from each p with a bunch of unique snapshots ıich he will soon display at his personal hibition. Serge Smessou also plays volyball and tennis and thinks his way of e untypical of French diplomats. "I live ore like a rich Russian than a reigner," he says not hinting so much at s roots (his father was a Russian emigrnt) as on his non-indifference to the on-going crisis in Russia. Though he was born and grew up in France, and the problems in Russia don't really concern him, at times he feels real pity for the Russian people. "You can't really relax or feel free; even if you want to have a good time, there isn't anywhere or your conscience won't let you... In Paris all life and fun is in the streets, while in Moscow after a performance is over everybody rushes home.

That Muscovites don't want to go about the empty streets at night can't be explained only by saying they don't know how or don't want to have fun. It's more likely connected with safety. Something some foreign diplomats know from their own experience. I was told how a car of robbers chased a European diplomat from the international Sheremetyevo-II airport to Kutuzovsky Prospect. Another was held up in broad daylight next to his Embassy and his wallet taken at knifepoint.

According to the statistics of the Moscow Criminal Investigation Department, last year 138 foreigners were beaten up, 52 robbed, 30 cars stolen from them and 574 foreigners' apartments broken into and robbed.

They collaborate with the KGB

The combination of political analysis of events with literary endeavours is traditional for French diplomats. The famous diplomat Jean-Pierre Angremy (his literary pseudonym is Pierre-Jean Remy) has written three dozen books, including several detective stories and novels about the secret services of the West and East. The diplomatic post probably was a gold mine of material for writing novels and a flight of fantasy. But Jean-Pierre Angremy never worked in Moscow.

However, Henri Froment-Meurice, who headed the French Embassy in Moscow from 1979 through 1981 wrote the novel *Une éducation politique*. In it he describes the life at the French Embassy in Moscow in the second half of the fifties. "After arriving in Moscow, he (the hero of the novel, Charles. – **K.I.**) soon noticed that he was being constantly followed... Scarcely would he have driven out of the Embassy when a Pobeda car would drive out of the neighbouring street. At first being followed bothered him, but then he got used to it just like the presence of microphones in his apartment."

Since then much has changed. The foreigners stopped calling their colony on Kutuzovsky Prospect a "ghetto," and comparing their life in Moscow to being wrapped in cotton. The secret services in Moscow have stopped keeping so close track of the contacts of foreigners with Soviet citizens and making sure the "enemy ideology" did not penetrate the "healthy Soviet society."

But as before, the telephone operators who work at the French Embassy are Soviet citizens in contrast to the diplomatic missions of the USA, Great Britain or Germany. The First Secretary, Philippe Cocquebert told me that there are about 30-40 Russians working in the Embassy as secretaries, telephone operators, drivers, waiters and cooks. He said this made sense moneywise.

"We know that some of these Russians collaborate with the KGB," he added, "but we don't speak with them about anything important. We also know that the Embassy

Claude Crouail compares working in Moscow to being on drugs. He is getting ready to open the French Cultural Centre in May

is bugged. But that doesn't keep us from doing our job. We have ways of protecting our secrets."

I have heard there is a special "glass net" in the Embassy – a room which cannot be bugged. This room is used for important meetings. I don't know if that is really so. But the main thing is that the French are playing by our rules and in the opinion of Philippe Cocquebert are winning: "Each state has its diplomatic traditions. The embassies of the United States and Great Britain are islands or fortresses in the Russian world. As for us, we try to be closer to the country and its citizens. So we know Russians better."

But Philippe Cocquebert nevertheless loves to spend his free time in hard-currency restaurants where it is possible to "breathe the air of the West for at least a little while."

Philippe Cocquebert, who came to Moscow 14 months ago, prefers classical music and jazz. He regrets that his poor knowledge of Russian keeps him from going to Moscow theatres and the local climate intereferes with his favorite sports. He does manage to sometimes get in a tennis game or do gynmastics. But his usual sports, horseback riding and downhill skiing, have remained an untainted dream in Russia: there aren't the conditions for the first, and the other is dangerous if you keep in mind the situation in the Caucasus...

Wood is useful for art

Among the Moscow bohemians the French diplomats have long held first place due to their attitude to art and being patrons of the talented. During the stagnation times the weakness of the French for good art was lucky for many Moscow poets, writers, artists and musicians. Inspite of some protest from the Soviet Ministry of Foreign Affairs, the French diplomats gathered the Moscow intelligentsia in the Embassy and gave moral and sometimes financial support – they bought their works.

They say that the present French Ambassador to Russia, Bertrand Dufourcq, son of a famous French cellist, plays the paino well and is a connoisseur of painting.

The French are trying to expand the cultural exchanges between Russia and France. I was told by the chief of the department of cultural, scientific and technological cooperation, Counsellor Philippe Etienne, that they were the first to organize a group of teachers of French for Russian schools. French cultural centres were opened in Moscow and St. Petersburg. Young Russian artists and musicians were sent to France on sabbatical. The Embassy also helps translate and publish books by French authors. Films in the French language are now shown at the Mir movie theatre. Philippe Etienne hopes that they will be competitive with the American movies. At Moscow State University there is now a college of humanitarian sciences, and not far from the Embassy a bilingual day-care centre for children.

But to bring French culture to the Russian masses is becoming harder. The director of the French Cultural Centre, Claude Crouail blames it on the financial difficulties and loss of former partners.

Claude Crouail has been in Russia for about ten years. He taught French in Kiev and Leningrad, and has been the culture attaché. He knows Russian life and the language well. He began to study Russian in the early sixties when an agreement was reached on the development of cultural ties. His interest in the East was also due to the fact that his father, a worker, was sympathetic to the Soviet Union. Claude's thesis at the university was on the works of Saltykov-Shchedrin whom he has read and reread. His current favorite is Chekhov. He bought his collected works recently at a used-book store. He compares working in Moscow to being on drugs, though he admits that lately there's also the spirt of adventure in it.

Before there were only three organizations in charge of concert tours and exhibitions – the Ministry of Foreign Affairs, the Ministry of Culture, and Goskontsert. Claude Crouail doesn't know who is responsible now. He is very concerned about the commercialization of culture. "The first thing I am asked by visitors of the cultural centre is where the store will be and what will be sold there. Many are disappointed when they find out that pantyhose, soap and perfume are not going to be sold in the cultural centre."

And recently some visitors of the centre asked him if he wanted to buy wood and oil. The diplomat agrees that the Russian entrepreneurs had their logic: culture is a sphere not making a profit and therefore is in constant need of money. The sale of wood and oil would bring in large sums. "But how many years will it take to go from the wood to concerts?" the Frenchman asked them.

All whom I met at the Embassy had a love or sympathy for Russia and the Russian people, though this possibly isn't part of the diplomatic protocol and isn't reflected in the contents of the dispatches to Paris. Each tries to help us in his own way, though he knows there is little he can do. Russia is big while the term of diplomatic service in Moscow is very short. That's probably why our conversations always ended on a sad note.

Konstantin Isakov

Photos by the author and from the archives of the French Embassy in Russia

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New Times blacklisted by the CPSU Central Committee

At the end of January 1991, Alexander Degtyarev, deputy chief of the ideological department of the CPSU Central Committee, sent a message to his immediate superior, Alexander Dzasokhov, the Central Committee secretary in charge of ideological matters, entitled "On the Contents of the *New Times* Magazine."*

We didn't know everything yet

"An analysis of the latest issues of the *New Times* magazine definitely indicates this publication's shift to 'left-wing radical' positions opposed to the President of the USSR and to the CPSU," Degtyarev reported.

What did we do in the sixth year of *glasnost* to be honoured with a special document by the top ideological body?

"The CPSU and the ideas of socialism have come under open undisguised criticism by the magazine... The criticisms levelled against the CPSU boil down to the following:

– "the CPSU 'does not protect the interests of the people';

– "the Communists 'engage in social demagogy';

– "the Communists 'commercialize the Party' as allegedly evidenced by the 'scandalous affair' involving money transfers to foreign accounts;

– "it is 'through the fault' of the CPSU, the military and the economic executives that the country has landed in the current crisis;

– "'the Communist Party wields all the levers of pressure and suppression.'"

The Party had less than a year to live left, but its staff continued maintaining a "dossier" on the press in the hope of gagging it some way or another.

Many members of the ideological department had learned degrees. Degtyarev himself held a doctorate in history. He was transferred to Moscow from the Leningrad Regional Committee, its ideologists notorious for their attacks on Gorbachev and their patronage of national socialist groups.

* Quoted is the weekly's Russian version.

Secret documents the editors have come by tell of the games played regarding our magazine at the CPSU headquarters

Nevertheless, the analysis of *New Times* articles done by the department's experts did not make the grade.

The material *New Times* carried then could not, by any stretch of imagination, be classified as criminal with regard to the Party. Now we realize that even in the sixth year of *perestroika* when the CPSU still held an undivided sway, *New Times* was far from realizing the full extent of our society's and its ruling and guiding Party's degradation. Those were just timid attempts to get to the root of things, just a voice test in the overall choir of the democratic press which was asserting its independence.

Now we are much wiser and can be justly proud of having displayed considerable shrewdness in our early criticisms of the powers-that-were. Now it is clear to all, for example, that the CPSU has never looked after the interests of the nation, of its beloved working people, that it was the CPSU that plunged the country into such a bad crisis, the climbing out of which may take the efforts of more than one generation. That the machine of suppression – the KGB, the MVD and the army – was controlled by the Party elite is also not doubted by anyone. The last time the Party headquarters tried to bring them into play was in August 1991.

For all we can tell, Dr Degtyarev might think that our exposé of the Party's upper crust privatizing the ample CPSU property was not in-depth enough. If he intended such a reproach, well, he was right. Before the last August abortive putsch, the fact that the CPSU leadership handed over millions of dollars to fraternal Communist parties and invested billions of rubles in false banks and companies was known to the CPSU Central Committee alone.

Embroiling us with the President

The second item on the list of accusations against the magazine had to do with Mikhail Gorbachev.

"The policy pursued by President Gorbachev of the USSR and by the national government as a whole comes under systematic criticism. Worthy of special note in this connection is the absence of critical remarks aimed at Boris Yeltsin; what's more, the Russian government is given unambiguous preference over the national one," Dr Degtyarev reported.

"President Gorbachev," he went on, "clearly perplexes the *New Times* editors by his 'strange adherence to socialism...' Marina Shakina puts in question the capacity of the Centre and the President for 'putting forward sensible arguments'... Another regular contributor, Leonid Mlechin, Deputy Editor-in-Chief of *New Times*, noted the 'democratic forces' disappointment with the President.

"Meriting attention is the dramatization of Shevardnadze's retirement which is presented as a revenge attempt by those 'who, for the first time in 70 years, came under pressure to step down in 1990': 'conservative politicians, some military and representatives of the military-industrial complex.' Analyzing the likely changes in foreign policy, Galina Sidorova, a *New Times* observer, points out that 'the President has profaned foreign policy by entrusting it to hardliners and reactionaries.'"

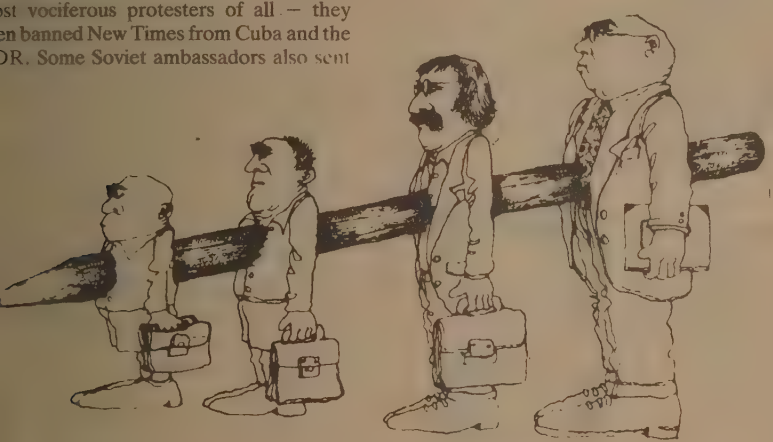
The articles quoted in that piece of ideological information against the magazine had been printed before and after the Congress of People's Deputies at which Shevardnadze resigned his post as Foreign Minister and warned of the coming attack by reactionary forces. The correctness of his prognosis and, incidentally, the truth of the *New Times* articles were borne out by the bloodshed in Vilnius a few days later. By the way, Galina Sidorova has become an aide to Russian Foreign Minister recently.

Ironically, the magazine was accused of criticizing the President precisely by those who were in opposition to him and who tried to overthrow him a short while later. The idea was to set Gorbachev upon his press attaché, Vitaly Ignatenko, ex-Editor-

Chief of *New Times*, who was not to the ing of the upper-crust readers of the agazine. Having joined the Gorbachev m, Ignatenko remained on the *New nes* editorial board.

The CPSU Central Committee had a eat deal of accounts to square with *New nes*. The magazine lost favour after Alexander Bovin, the well-known publicist and rrently the Russian Ambassador to Isel, had contributed to its first February ue of 1987 an article whose message was, a nutshell: if changes were not expedited, rbachev's reforms would share the fate Khrushchev's.

The file opened on *New Times* was gain- in bulk as reports from Soviet ideologi- officials and indignant letters from the ders of socialist countries poured in. del Castro and Erich Honecker were the st vociferous protesters of all – they en banned New Times from Cuba and the DR. Some Soviet ambassadors also sent



Drawing from the newspaper Die Zeit (Germany)

gry coded messages to the Central Comttee.

full-scale attack

Our unforgettable KGB could not possi- stay away from this campaign against unruly magazine – its press services ot their own dossiers on the editorial ff. It was then that five members of the *w Times* editorial board and leading jourists (including its present Editor-in-ief) were forbidden trips abroad.

Those considered "unreliable" were ated accordingly. In February 1988, *New nes* asked for the CPSU Central Committee's permission to exchange journalists h the *Time* magazine which would have abled us to send our correspondents to USA without spending precious hard rency.

The propaganda and international dertments of the Central Committee decided to grant the request. Central Committee secretaries Alexander Yakovlev and Anatoly Dobrynin gave us the go-ahead in writing. They did not have the final say on the matter, however, Yegor Ligachev had. His reaction was as follows.

"Confidential. The editors of the *New Times* magazine have been advised to start with establishing contacts with socialist countries. As to the *Time* magazine, the time is not ripe yet for exchanging journalists with it."

In good old times, such a "recommendation," submitted by Degtyarev, could cost the *New Times* staff writers in question and its Editor-in-Chief their jobs. In January 1991, however, the Central Committee had no such powers any longer. Nevertheless, the fuss over the magazine continued in Staraya Ploshchad where the CPSU had its headquarters.

"Balance of interests"

The experienced Dzasokhov made the following inscription on the "recommendation" submitted to him:

"To Comrade Luchinsky. Please give this matter your consideration."

Pyotr Luchinsky, Secretary of the CPSU Central Committee, transferred to Moscow from Kishinev, dealt with political questions. The vigilance displayed by the ideological department appealed to him. He thanked the author: "To Comrade Degtyarev. Thank you for timely information. What steps are we to take? Let us talk this over."

A month later, the ideological department created a new paper under the same title: "On the Contents of the *New Times* Magazine." The same Degtyarev deemed it necessary "to work with the magazine's editors... Individual, more odious, articles appearing in it should be responded to through the Party press."

The suggestion was accepted. From time to time, the CPSU Central Committee and the Party press gave our magazine a "rebuff." None other than Oleg Shenin, Secretary of the Central Committee, pounced upon the magazine in *Pravda* as he stuck up for the KGB Chairman Vladimir Kryuchkov, his would-be colleague in the State Emergency Committee and fellow inmate at the Matrosskaya Tishina jail. Shortly before the putsch, *New Times* had suggested that Gorbachev should put Kryuchkov on the retired list for anti-presidential activity.

The "well-wishers" saw to it that *New Times* issues, with margin notes in red ink, should regularly find their way onto the President's desk, the implication being that "there are your liberals and your liberal press for you!"

Marshal Sergei Akhromeyev, an adviser of the President, broke into Gorbachev's office one day brandishing an issue of *New Times* which carried an article calling for an army reform, and demanding that the editors be called to account for undermining the Soviet Army's defence capacity.

After the failure of the putsch, Marshal Akhromeyev, who had taken part in it, committed suicide.

Other attempts were made "to work with the magazine."

Since its inception, *New Times* has never been anyone's mouthpiece. Like other Soviet periodicals, the magazine was subordinated to the Central Committee, of course, but kept its formal independence.

In 1986, the CPSU Central Committee adopted a secret decision to subordinate the magazine to the Party financially. The magazine's profits, which ran into millions then, began to flow to the Party's purse.

At the end of 1990, the magazine gained its formal independence as property of its journalists and asked Nikolai Kruchina, the business manager of the CPSU Central Committee, to transfer the money which belonged to the magazine to its bank account and to renew our lease of the editorial offices.

It took us a whole year to salvage our money. As to the offices, Kruchina refused to return them to us. Last summer, our building was to have been taken over by a theoretical journal of the Russian Communist Party – a branch of the CPSU which Ivan Polozkov and Gennady Zyuganov, his secretary for ideology, had tried to set up without success.

Nikolai Kruchina jumped to his death out of a window after the putsch had failed. The building has not been returned to *New Times* so far.

We regard it as the highest compliment to our magazine that only slightly over a year ago, the Central Committee leadership looked upon *New Times* as a seditious and criminal publication.

How Stalin amended Lenin

Doctor of History **Yuri BURANOV** thinks that Lenin's "political testament" was rewritten by Stalin's wife

New Times. The notion of "Lenin's political testament" has been known for many years. Is it warranted?

Yuri Buranov. By "political testament" people generally mean articles which while seriously ill Lenin dictated (because he could not write any longer) on December 23 and 24, 1922, and on January 4, 1923. Lenin himself called them "Letter to the Congress" (the forthcoming 12th Congress of the Russian Communist Party) and attached great importance to them. He told the secretary on duty that what he had dictated was "absolutely secret." Besides, in January 1923 Lenin dictated 11 more notes. In a broad sense, these articles and notes are usually considered a testament because after Lenin's death his wife Nadezhda Krupskaya handed them over to the Party's Central Committee. This happened on May 18, 1924, several days before the first Party congress after Lenin's death. In keeping with the view which appeared later, all articles dictated by Lenin till the spring of 1923 should be regarded as his testament. It can be said with certainty, however, that Lenin did not dictate his thoughts as an official testament written on the deathbed.

N.T. Many years ago I heard a story by Vladimir Antonov-Ovseyenko, who said that Lenin once invited him to Gorki, near Moscow, and asked him to secretly bring poison. As a disciplined Party member, Antonov-Ovseyenko made it known to the politburo, and he was categorically forbidden to fulfil Lenin's request. If Lenin thought of suicide the drawing up of a testament was quite logical, wasn't it?

Y.B. In the summer of 1922 Lenin, for whom life without an active part in politics was unbearable, did ask the politburo for poison, but his request was turned down. In December, when his illness took a grave turn again, Lenin asked his secretary Lydia Fotieva to give him poison.

Yet another thing should be remembered too. Lenin hoped for a recovery, and the doctors strengthened this hope in him. Prof. Förster, who treated Lenin, said: "There are no grounds to believe that Vladimir Ilyich will not regain his capacity for work." The articles dictated by Lenin on December 23 and 24 and on January 4 should be regarded first of all as the working material for the 12th Party Congress.

N.T. Do you think that Lenin hoped to address the Congress himself?

Y.B. This cannot be ruled out. The Congress was set for April 1923, and on January 4 the politburo appointed Lenin to deliver the Central Committee's political report.

N.T. Can it be said that Lenin's instruction on keeping secret the articles dictated by him was observed?

Y.B. It seems there was no secrecy. The articles were typed in five copies. It follows from the now published conversations the late writer Alexander Beck had with Lydia Fotieva, head of Lenin's secretariat, and Maria Volodicheva, a secretary on duty, that both women implicitly obeyed not Lenin's instructions but the will of Stalin.

N.T. To whom Lenin dictate his articles and notes?

Y.B. There is some riddle in the diary kept by the secretaries on duty. In the autumn of 1922 Nadezhda Alliluyeva, Stalin's wife, began to make entries in the diary, which also contains entries written by Fotieva and Volodicheva. On December 18 an entry was made by Alliluyeva. Then came an interval which lasted untill December 23. After that follows an entry about an "absolutely secret" document which in the complete works of Lenin and in Fotieva's reminiscences is described as Volodicheva's entry on dictation.

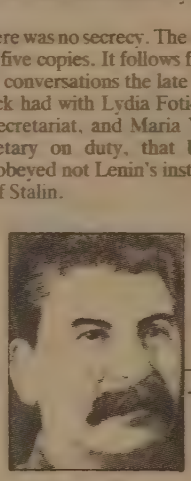
N.T. You have doubts about this entry, haven't you?

Y.B. Volume 45 of Lenin's complete works (Russ. ed.) has a modest footnote on p 349: "Printed according to the secretary's entry (a typewritten copy)." Hence it was not an original entry.

N.T. Has the original entry been preserved?

Y.B. It was kept for a long time, though not in the Lenin fund of the Institute of Marxism-Leninism, but in the general department of

By falsifying Lenin's "political testament," Stalin made his victory over Trotsky easier



Lenin's text:

"Then I suggest that we draw the congress's attention to the need of imparting on certain terms a legislative character to the decisions of the State Planning Committee, meeting Comrade Trotsky halfway in this respect."

The same text after a correction:

After the words "meeting Comrade Trotsky halfway in this respect" the following was added: "to a certain extent and on certain terms."

I

ПИСЬМО К СЪЕЗДУ [208]

Я советовал бы очень предпринять на этом съезде ряд перемен в нашем политическом строе.

Мне хочется поделиться с вами теми соображениями, которые я считаю наиболее важными.

В первую голову я ставлю увеличение числа членов [illegible] до нескольких десятков или даже до сотни. Мне думается, что нашему Центральному Комитету грозили бы большие опасности на случай, если бы течение событий не было вполне благоприятно для нас (а на это мы рассчитывать не можем), — если бы мы не предприняли такой реформы.

Затем, я думаю предложить вниманию съезда [illegible] к Троцкому, до известной степени и [illegible] товых.

Что касается до [illegible] числа членов ЦК, то я думаю, что такие меры [illegible] для поднятия авторитета ЦК, и для серьезной работы [illegible] того, чтобы конфликты небольших частей ЦК могли получить слишком большое значение для всех судеб партии.

Мне думается, что 50—100 членов ЦК вполне могли бы [illegible] получить от него без чрезмерного напряжения сил.

13 том 45

e Party's Central Committee. This alone suggestive: the party leadership kept the ost secret documents in the general de-rtment, those which it did not want to ake known to the people and to the party embers.

When I tried to find our where this entry me from, Central Committee officials ve no reply. Experts analyzed the manus-pt and drew an unexpected conclusion: e entry was written by Alliluyeva, not olodicheva.

N.T. Who established that?

Y.B. Experienced staff members of the ntral Party Archives who have studied many years documents connected with nin.

N.T. Did it not occur to you to make a minalist examination of the handwrit-gs?

Y.B. Frankly speaking, it didn't. But I ll be grateful if *New Times* helps in this tter.

The document received from the Party's ntral Committee was written by hand in , without corrections, that is, it was the ciphering of a conversation. Later on, as urned out, this entry was edited.

N.T. However, Volodicheva, in the con-rsation with Beck too, recalled such de-ls of the dictation on December 23 that it difficult to believe she invented every-ng.

Y.B. Nevertheless, there is ground to be-ve that the secretly kept text was written Alliluyeva. The same Beck took down e following story by Volodicheva. Having corded the notes dictated by Lenin, she nt to Stalin's flat right away and saw kharin, Ordzhonikidze, Alliluyeva and alin's assistant Nazaretian there. On ading the deciphered text Stalin grew de-essed and told Volodicheva to burn it. It quite possible that precisely at that time e text was rewritten by Alliluyeva.

N.T. Do the handwritten and typewritten xts coincide?

Y.B. No, two discrepancies were found er the texts had been compared. The first fers to Trotsky. The typewritten text con-ns words which weaken Lenin's agree-ent with one important proposal of otsky. The other correction simply dis-rts the essence of the phrase.

N.T. Who made this correction?

Y.B. It is difficult to say exactly. This uld be done only by Stalin or by members his staff.

N.T. It can be supposed in this case that alin took other measures, for instance, ncealed some texts.

Y.B. It is possible, given that someone tam-red with the text itself. That is why we must mand that all the documents of that period thout exception should be made available scientific examination. The unlawful sepa-e keeping of Lenin's documents, practised the CPSU leadership, must be ended. All e documents kept in the Kremlin archives lled presidential lately) must be returned. I not rule out that many surprises await us.

Interview by
Lev BEZYMENSKY

The Russian-Swiss JV Profkompekim at 15 Leninsky Pr., Moscow, offers international-class services, including accommodation at the comfortable

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Yevgeny Lepekhov, 32, heads the Board of Creative, Enlightenment and Entertainment Programmes "Princess" in Chernigov. His name can be found in the *Guinnes Book of Records*. Last year, boys from "Princess" erected a pyramid of 362,194 bottle corks, thus beating the previous, Chinese record.

A graduate of a flying school, who worked in aviation for 12 years, Yevgeny admits that he has found his real vocation only now, working with children. Lepekhov is the only adult staff member of the Board. The average age of his colleagues is 14 years. "Children believe in the success of a hopeless affair more readily than adults," Yevgeny says. "At least, everything we undertook seemed practically hopeless to me. But we have always achieved our aim."

Lepekhov's new idea of holding in Chernigov an international festival of modern youth dances, "Princess–92," is also close to its realization. All those who know how to boogie, rock-n-roll, break, rap and hip-hop can take part. Requests have already come from 30 groups in the Commonwealth of Independent States. Interest in the festival has been shown in Hungary and Poland. The "Princess-92" has a fairly large prize fund of 450,000 rubles. The winning team is to receive 300,000 rubles. The money earned from the festival is to be spent on organizing a holiday for children from the zone affected by the Chernobyl tragedy. Incidentally, Chernigov lies in this zone. However, the participants and guests should not worry, because the level of radioactivity in the city is not higher than normal."

The festival begins on June 1, which is observed as International Children's Day, and is in timing with the 1,300th anniversary of Chernigov. Yevgeny Lepekhov hopes to make it an annual occasion.

* * *

"I have never been a member of the Young Communist League and the party, and can't tolerate Bolshevist themes in creative work," says **Daniel Mitlyansky,** a 67-year-old sculptor.

Daniel can indeed be called a lucky man. He travelled to many countries and met with interesting people. He reflects his impressions in fanciful and slightly naive sculptures. Mitlyansky's heroes live in Britain, Germany, Spain, Italy, India and France. During his trips, Daniel admits, he gradually turned into a cosmopolitan and sincerely came to love European culture.

"In Russia today, one can rel only on bright minds," Danie notes. It is perhaps for this reaso that he has sculptured the heads o Alex Adamovich, Boris Vasilye and Yuri Norshtein.

In the yard of Moscow schoo No. 110, one can see a sculptura composition, called "Requiem fo 1941." Mitlyansky devoted it to hi classmates who went to the fron after a school-graduation ball. Fe of them returned.

Daniel Mitlyansky worked o the façade of the Durov Corne ("animal theatre") and created sculptural group, "Krylov's Fa bles," erected in the Patriarshi Prudy garden in Moscow. At th request of Elena Bonner, h made a death mask of Andre Sakharov.

President from Nakhodka

Sergei Kurochkin graduated from a polytechnical institute in Georgia. He is an expert in automated management systems and the patenting business. He holds a Ph.D. in the use of mathematical methods and computer technology in economics. After working in a cooperative, he became head of the company Nakhodka. He has been president of the Nakhodka Exchange since November 1991.

Nakhodka, an Interregional Stock Exchange, began trading in February. The new exchange has announced that it will hold two trading sessions a week, offering around 3 billion rubles worth of commodities each day. This represents a nearly 100-percent increase in trade in the course of just one month. What's more, the Exchange is already speaking about conducting trade three days a week.

Nakhodka is a second-generation exchange. Its president, Sergei Kurochkin, remarks. The first exchanges in the former Soviet Union developed out of the state-owned logistics structures, while Nakhodka travelled down the classic road of development. The first step taken was to set up a cooperative by the name of Altruist. Then came Nakhodka, a private company that multiplied into several subsidiaries – they number 15 today. The next step was acquisition of a brokerage company at the Moscow Commodities Exchange. Through work there, experience was gained, and it was decided to set up a private exchange. Calculations indicated that the new exchange should be targeted to small and medium-sized businesses which often find it a problem to break into the market. These businesses comprise most of the exchange founders. The stock they bought has made nearly all of them owners of brokerage offices. The result was an exchange–brokers enterprises formula, in which all elements are closely knit by common commercial interests.

lark Winer is the General Direc-
r of the Moscow-McDonalds JV.
e graduated from college in 1974
th a degree in the Russian lan-
uage and literature. From 1974 to
987, he worked for the Coca Cola
ompany, and made about 200
ps to Moscow. Since 1988, he
s worked for McDonalds in Mos-
w. His wife, a psychologist, and
-year-old daughter stay with
m, while his 20-year-old son
udies at a New York college. "We
joy being here very much," Mark
ys. "It's an absolutely fascinat-
g place. I think that only people
ho have spent a lot of time here
n get to know how wonderful
oscow is."

Moscow–McDonalds is an in-
ependent company. It has direct
ntracts with about 80 Russian
ppliers of food and packaging.
he city government owns 51 per-
nt of the M–M, but it remains
eparate from the management of
e company.

M–M is a ruble company, serv-
g local people (40,000 every
y), using local raw materials and
5 years of McDonalds' experience
60 countries.

"In March, Mark Winer con-
nues, "we have begun construc-
n of our second and third re-
aurants, and a new and com-
etely modern office building in
e very centre of the city. All of
ese projects will be completed in
e second quarter of 1993."

McDonalds has invested $45
illion in its food processing plant
Moscow, and $5 million in its first restaurant. In 1992-93, M–M will invest over 200 million rubles and $5 million in the next two restaurants and the office building.

* * *

Yuri Tkachenko graduated from Moscow Plekhanov Economics Institute with a degree in economics. He worked for a trading company and established a cooperative. He founded a centre for non-traditional and alternative medicine. Since 1988, he has served as head of the company Kavkaz.

The company, named "International Centre Kavkaz," mass-produced 60 variations of the magnetotrone, a device developed by Valentin Patrasenko and patented in Russia. Its principle is based on the unique qualities of a magnetic field and its wholesome effect on materials, technological processes

and even the human body.

Magnetotrones find successful application in the production of concrete, as they improve its quality and reduce the consumption of cement. Its use as part of a car engine improves engine efficiency and reduces fuel consumption. A magnetotrone serves as an efficient medical tool against prostatitis and gynecological diseases. The company also uses the device to produce a vodka it has patented by the name of Rossiiskaya Korona (Russian Crown). The product is no worse than such champion vodkas as Smirnoff or Gorbachoff, but in contrast to them, it also offers medicinal properties. A facility in the city of Sochi turns out 30,000 bottles of Rossiiskaya Korona a day. The company is preparing to launch facilities in Tula, Vladimir and Moscow, and is negotiating exports to the USA, Germany, Mexico and Argentina. The company has been invited to participate in the Winex-92 show in Brno.

Despite its success, emphasized Tkachenko, the vodka-producing operation does not lie at the heart of the Kavkaz business. Magnetotrones will find new spheres of application in plant-growing, fishery, animal husbandry and energy generation.

South African businessmen in Russia

Robert Bernwieser, an Austrian who has lived in South Africa for 15 years, heads the Pretoria office of the South African tourist company Park Tours. Before that, he worked in the Lufthansa Airlines. Jointly with the *New Times* Publishing House, he is organizing the first tourist trip from South Africa to our country.

During several days Robert spent in Moscow at the invitation of the *New Times* Publishing House, he has arranged for an expansion of contacts in tourism and other businesses. He proposed forming several joint ventures with the aim of supplying food and clothes to Russian shops from South Africa.

Park Tours will send businessmen from South Africa to Russia. The first such group of 16 businessmen is expected to arrive on June 20. Contacts are to be maintained on a permanent basis.

"Though our countries know practically nothing about each other, and perhaps thanks to this circumstance, South African businessmen do not want to go to Russia simply as tourists. They want to do business here," Mr Bernwieser said. "We should meet each other halfway. The most difficult job has been done: we have established contacts. It is now time to do business together. We have colossal opportunities. We shall gladly be awaiting Russian businessmen in South Africa."

For the dossier of secret police chief

At the turn of the sixties, when "the children of the 20th CPSU Congress" were still in their infancy, and when the Brezhnev freeze did not set in yet, some intellectuals set the fashion for – or rather a trend towards – joining the Party so as to "reform it from the inside."

Even if the "reformers" meant business, and not merely camouflaged their career aspirations, the result was always the same: the Party stubbornly resisted reform; on the contrary, it promptly and successfully adapted the presumptuous reformer to its objectives – or expelled him.

To blow it up from within

Such attempts continued until quite recently, even at the Politbureau and General Secretary level, and then it finally became clear that the only way to reform the Party was "to blow it up," in Mayakovsky's words. That was done in the autumn of 1991.

This parallel occurred to me as I was reading the interview Leonid Mlechin had with Yevgeny Savostyanov, chief of the Moscow department of the Federal Security Agency (*NT*, No. 4/92).

Formerly a physicist and a participant in democratic *perestroika* movements, Savostyanov joined the KGB at Gavriil Popov's request in order to reform it from within. (The reform hasn't been completed yet, so let us use the habitual abbreviation lest the essence of the matter should be obscured by words and so as to spare us the trouble of following kaleidoscopic changes of names).

I wholeheartedly wish Savostyanov success in his undertaking, but I should like to remind him of his predecessors' failure to reform the CPSU. Far be it from me to play Cassandra, but warnings ought to be made before it is too late. All the more so that Savostyanov's above-mentioned interview gives cause for concern: it looks as if the institution's reverse effect on the reformer has already begun. (Bakatin alone – an underestimated figure, I think – seems to have proved impervious to this effect; it was not for nothing that he was finally expelled from the KGB).

Discrimination in employment: journalists' figment?

During the short interview, the chief of the Moscow KGB repeatedly insisted on the need

A few useful tips to the democrats trying to reform the State Security Committee

to restore the domestic political police, on the grounds that "there is the law on radicals in the FRG, for instance." This law, also known as Berufsverbot (which bars Communists from practising certain professions), is certainly well familiar to every reader of *Pravda* and other pre-*perestroika* papers. No one, however, is likely to have a ready answer to the question of what this law is all about. Savostyanov doesn't know the answer either, although for him the "law on radicals" is no longer a bugaboo, but an example worthy of imitation.

The whole thing is that there is no, and has never been, any law on radicals in Germany. I realize that the reader will not take my word for it and shall try, therefore, to trace the myth back to its origin.

If a nun gets married

After a wave of student demonstrations swept Western Europe in 1968, the situation in the FRG remained tense. Leftist radical sentiments continued to spread in society, particularly among the youth, which regarded "fathers' democracy" as sham, and the state as a police and quasi-fascist one. Neo-Marxist and other kinds of leftist propaganda intensified steadily in the FRG until it finally gave rise to a truly alarming phenomenon – notorious West German terrorism.

Under the circumstances, the heads of provincial governments and the Federal Chancel

Drawing by Victor Bogorad

(Willy Brandt, a Social Democrat, held the st then) adopted a joint statement. It was s very document that the Soviet press refer- l to as the law on radicals and that Germans l "Radikalen-Erlass" (a "resolution on radi- s") for short, never forgetting the inverted nmas.

'Radikalen-Erlass" is not a law, but just a tement by heads of government on their ag- d intention to adhere to the Constitution d to the existing laws on civil servants. Let stress that this statement applies precisely d exclusively to civil servants. The bulk of Federal Republic's population is employed he private sector which "Radikalen-Erlass" es not, and cannot, have anything to do h.

The federal and provincial laws on civil ser- nts demand that the latter, being in the con- utional state's employment, should observe d protect the Constitution, which is only ural. To use an analogy, it would be strange a nun teaching at a Catholic school to try ping her job after being converted to Islam getting married.

n signing the statement, the Prime Minis- s sought, first of all, to unify a practice ich had differed from province to province d, second, to emphasize the need for taking individual approach to each particular case. e Prime Ministers had no desire to draw up g proscription lists of the organizations ien to the Constitution." Ironically, things rked out in an entirely different way.

ou are not fit to be a postman

law is fully immune to anti-democratic ises. Any, even the best democratic law, rks in a democratic way only when there is a t of a "social agreement," with society not y willing to abide by the law, but also inter- ting it in its initial democratic spirit. In this se, the law and society should form a ole. Today we know to our own cost what absence of such a unity means.

n the seventies, the state of German society s such as to favour anti-democratic abuses ich "Radikalen-Erlass" furnished a pretext

n the FRG, postmen and railwaymen – , persons whose unconstitutional activity ld hardly do much harm to the state – are o regarded as civil servants. Quite fre- ntly, though, members of the Communist ty were denied these jobs. Besides, the ab- ce of clear-cut criteria of "activity alien to Constitution" made for a loose interpreta- n of this notion; as a result, a person could denied employment in civil service on the unds that he had once been a member of German "Komsomol."

All attempts to unify the practice of civil ser- nts' employment by means of "Radikalen- ass" failed. This resolution was used par- ularly loosely – and frequently – in varia. It was there that applicants for post- n's jobs were often turned down – such es made big talking points in the papers. In ssen, on the contrary, the resolution was ated quite liberally, and many "reds" and nks" rejected by the civil service of Bavaria ily secured jobs in that province.

Upon being turned down for jobs in the civil service, many people took the matter to court, and public scandals ensued. Let us face it: the practice of using the "resolution on radicals" in many provinces of Germany has been among the ugliest pages in the postwar German history.

Political police is more dangerous than radicals

From the very outset, the character of enforcing the "resolution on radicals" caused a storm of indignation in the FRG. Its critics pointed out, with good reason, that the government's interpretations of it often transcended the limits of law. In particular, it involved violations of the so-called *Parteienprivileg* rule, i.e., any party's right, based on Article 21 of the Constitution, not to be regarded as "alien to the Constitution" unless found to be such by the Federal Constitutional Court. It was also pointed out that the resolution violated Article 5 of the Constitution on freedom of opinion and especially Article 12 on freedom of occupation choice. It was the latter circumstance that gave birth to the famous expression *Berufsverbot,* "a ban on profession," which then became current in Soviet journalism.

Notably, the critics' positions were weak on the latter point. Article 12 of the Federal Constitution only forbids anyone being coerced into doing a piece of work (except when it is necessary to do civil duty common to all or to serve out a court sentence). It does not oblige employers to take on any job applicant, otherwise Catholic schools would really have to accept Moslem teachers.

Nevertheless, the critics were right on the whole. The chief flaw of the "resolution on radicals" was exactly what probably appeals to Savostyanov, the new chief of the Moscow KGB today. In order to enforce the "resolution," it is necessary to possess the information only political police can provide. Society promptly realized that political police can do more harm than even the most malicious of radicals are capable of doing.

In 1976, an attempt was made to legalize the procedure of obligatory checks of all the applicants for jobs in the civil service, i.e., to make the "resolution" a law. The Bundesrat (the upper house of the German parliament) voted the bill down, however. That actually put an end to a wide use of "Radikalen-Erlass." The Federal Government and, following it, the provincial governments (of which that of Bavaria held out the longest) renounced the practice of *Regelanfrage* – routine loyalty tests of all the applicants for positons in the civil service through the Federal Department for Safeguarding the Constitution (which is subordinated to the Interior Ministry).

The KGB simply failed

All right, Savostyanov may argue, there has been no law on radicals, but then there has been a useful practice which our country would be well advised to adopt, "until the democratic structures are firmly established," as he said in his *New Times* interview. Unfortunately, this will not work. The FRG's "resolution on radicals," or, say, the McCarthyist act on un-American activity were quashed rather painlessly by the societies of the countries in question, because those acts appeared in critical periods of those countries' history but in a situation where democratic structures had already been consolidated. Where there are no democratic structures capable of serving as antidotes, such moves can only block the process of these structures emerging and taking root.

Political police as a means of monitoring "the political temperature of society" is necessary only in a closed society of the kind ours has been until quite recently.

A dog that does not bite

If our society has acquired any merits at all over the past few years, the biggest merit of all is its new openness. One can now follow its sentiments without any secret police – just by reviewing the press, conducting public opinion polls, analyzing electors' behaviour, etc. Fortunately, it looks as if society is free – today, at any rate – from the sentiments Savostyanov is concenred about.

The idea that "we need political police" occurred to Savostyanov after he had seen in Moscow's Manezhnaya Square posters calling for "making short work of Yeltsin." Those were bad posters, I agree. It ought to be clear even to a beginner professional, though, that those planning violence will never parade such posters. The national security has no cause to worry in this case. Even the ordinary Criminal Code does not apply here: Article 207 of the Criminal Code of the Russian Federation punishes those guilty of "threat of murder or serious bodily injuries" only in case "there are grounds for expecting that the threat will be carried out." A dog that barks does not bite.

Far be it from me to imply, of course, that the state need not be protected. It does, and history – last August's developments, in particular – has shown where real threat emanates from. Real threat is posed not by squares bedecked with posters or from noisy party rallies, but from conspirators which have the means of silencing up those squares and those rallies. The KGB with its "mothballed agents" who "know how" is the source of the greatest danger.

In his *New Times* interview, Yevgeny Savostyanov confessed that in his agency, there are people who feel "hatred for freedom of thought, for freedom in general." Asked by the interviewer whether he intended getting rid of such people, he said, bluntly: "I don't try to get rid of anyone."

Why so? If he seeks to adopt what has been useful in the "resolution on radicals," this is the right occasion for that. In the state institution he is in charge of there are people alien to the very spirit of new Russian legisaltion, to the spirit of the Constitution which, hopefully, will be adopted soon, after all. The record of recent events has shown that these people will not hesitate to convert their hostility into action at an opportune moment. Consequently, "Radikalen-Erlass" fully applies to them.

So it would be only rational for Savostyanov to start with his subordinates.

Kronid Lyubarsky

Englishmen teaching Russian farmers

Showcase farms are to be created near the village of Slavyanskoye in the Kaliningrad Region, thanks to assistance provided by Britain's Lord Naffield International Farmer Grant Trust. The details of the "Naffield-Russia" program had been agreed upon by the regional administration. The program calls for the creation of a large experimental agricultural facility and the establishment of an agricultural college to train local farmers. British experts will teach both theoretical and practical courses. The project is financed by the trust and the European Community. There are also plans to enlist the support of British companies specializing in the processing, storage and packaging of agricultural produce.

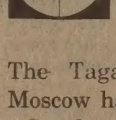
Mr Paul Charter, a member of the trust's board believes that initial conditions are favorable, the climate is very much like that in England, the soil is fertile, and the local population displays a great interest in creating their own farms.

Moscow culture needs businesspeople

A decision of the Moscow government reshaped the Moscow cultural establishment as it stripped the Culture Committee, Main Medical Department, Education Department, Committee for the Affairs of Young People and Families, and the Sports Committee of the status of juridical persons and united them within the Department of Socio-Cultural Sectors.

Alexander Braginsky, the Moscow government minister appointed head of the new department, said that, in view of the constantly slashed budgets set aside for cultural needs, the department seeks to create conditions to assure its survival. We should define the conditions under which businesspeople can help the city's cultural establishment, he suggested.

Braginsky hopes to attract investments from businesses by creating extrabudgetary funds which offer businesspeople sizeable benefits, including, in Braginsky's words, "tax advantages, easy leasing terms, and participation in prestigious projects."



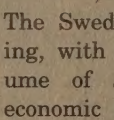
Austrians win suit

The Tagansky district court in Moscow has completed proceedings related to a dispute between the Austrian and Russian partners of Interlex. After nearly a year of litigation, the ruling came down in favor of the Austrians.

The limited liability partnership Interlex was registered with the ex-Soviet Finance Ministry on March 28, 1991. It was founded by the Austrian firm Felicia, the Russian association Mosyurtsentr (Moscow Juridical Center), Director General of the Austrian firm Omicron Peter Rosenschtingl, and four Russian representatives. Interlex was created to collect legal information, organize data banks on Russian laws and regulations, and translate and publish th both in the Commonwealth a abroad.

Interlex's start-up capital w set at R 50,000. Under its chart 40% of it was to be contributed Felicia, 10% by Rosenschtingl, by Mosyurtsentr, and 12% by t four Russian co-founders resp tively. The latter failed to p their share of the capital, howev prompting a protest from the Au rian partners. In addition to th the Austrians were not notified a meeting of Interlex's partners which they were struck off membership rolls. Therefore, Austrians took the matter to co in October 1991.

The court ruled that law h been violated when the Austri co-founders were dropped from partnership, and ordered th Russian counterparts to com with all their requirements. It w spelled out that the partnershi governing, executive and audit organs should be created accord to generally accepted practices.



Swedes to help in recycling

The Swedish company Tetl Tr ing, with a 2 million annual v ume of sales, and the fore economic association Rego sig an agreement in Kaliningrad produce briquettes and pres materials out of recycled waste. meetings between the two co panies, officials also discussed possibility of leasing equipm from the Swedish company to p local enterprises for the process of agricultural products and c struction materials. The equ ment will be repaid with manuf tured products.

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